

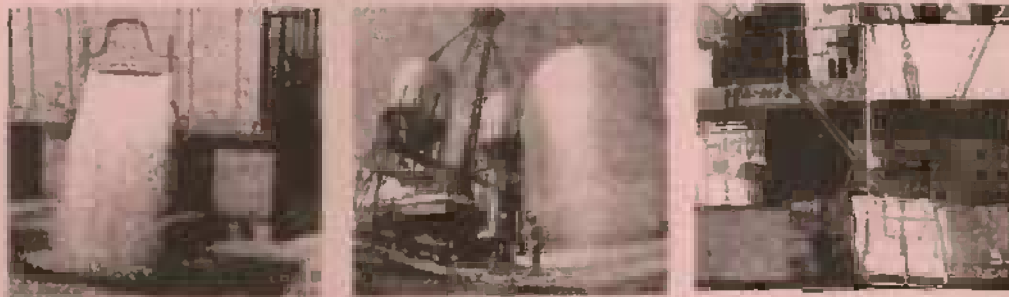
# Agricultural Outlook

AO-49 November 1979

U.S. Department of Agriculture  
Economics, Statistics, and  
Cooperatives Service



**N — Farm Income Near Record**



## November 1979/AO-49

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## Outlook in Brief

A decline in real GNP is expected through the first quarter of 1980. The peak-to-trough drop in GNP is likely to be in the 2-to-4-percent range, somewhat less than in the 1974-75 recession. Unemployment is expected to average about 7 percent for 1980. Real growth has been relatively unchanged since late 1978.

The business cycle should turn around in the second quarter of 1980. However, recovery will be slow with little or no growth in real GNP. This compares with the near 2 percent gain from 1978 to 1979.

Real disposable personal income has been declining this year and is likely to continue through the recession before a slow recovery begins in the latter part of 1980. Some moderation in the inflation rate is the CPI-U compared with the 11 to 12 percent increase this year.

A major development during this quarter is the sharp rise in interest rates as the Federal Reserve Board moved to restrict growth of the money supply. If the inflationary psychology lessens during the next two quarters, some moderation in interest rates could be expected by midyear.

The major impact of the recession on the agricultural sector of the economy is expected to occur in the demand for red meats. Of all domestically produced agricultural products, red meats have the highest income elasticity. Therefore, the decline and sluggish recovery in real consumer incomes during 1980 is expected to have a dampening effect on the demand for red meats—particularly the higher valued cuts.

The farm economy fared well in 1979. Gross receipts will reach a record high and net farm income will be about \$30 to \$32 billion, the second highest on record. The major factors underlying this income level were strong prices for animal products,

excellent production for all major crops, and some increase in prices due to strong export demand the last half of the year.

Crop prices are expected to continue strong into the first half of 1980, but substantial increases in pork production are expected to hold down livestock prices during the first half of the year. Given the present situation, gross farm income will increase somewhat from the 1979 level. However, inflation will push the cost of purchased inputs up about 11 percent. If costs increase this much, net farm income would decline substantially in 1980, perhaps by as much as 20 percent.

While factors underlying general agricultural conditions for the first quarter of 1980 are fairly well established, much uncertainty still remains for the balance of the year—particular for the last half. At that time, farm prices and income will be largely influenced by worldwide crop prospects and harvests.

Retail food prices are expected to increase 7 to 11 percent in 1980. The current assessment indicates an increase of 8 percent, although if weather conditions disrupt crop and livestock production and diminish feed supplies, increases will tend toward the upper end of the range.

Food price increases may be moderate because of larger supplies of pork and poultry, as well as slackening demand as the economy slows. Larger price increases in the second half may occur as the economy recovers, but the increases may still fall short of those in early 1978 and 1979.

Little change is expected in the farm value of food. So, farm prices will add little to consumer food expenditures in 1980. The major source of rising food prices will be the costs of processing and distribution which are expected to average 9 to 12 percent higher.

Labor cost, accounting for 46 percent of the price spread from farm to retail, will probably rise about 10 percent on a per unit result from higher base wage rates and fringe

benefits coupled with little or no increase in labor productivity. Increased costs for materials and labor are expected to push the cost of packaging up about 10 percent in 1980. Transportation costs increased about 13 percent in 1979 due largely to an increase of nearly 60 percent in the price for diesel fuel. Continued increases in energy prices in 1980 are expected to be reflected in higher transportation charges. Energy costs also are significant in processing and retailing. Energy costs in food marketing likely will increase an additional 20 to 25 percent.

The increased volume of farm products is taxing domestic transportation and storage systems. Railcar shortages during the peak harvest season are somewhat greater this year than in 1978. In addition, grain movement on the Upper Mississippi and Illinois Rivers is approaching the capacity of certain parts of this system. Substantial improvement in both rail transportation systems and critical points in the inland waterway system will be necessary to handle increased volumes in 1980 and beyond if production and markets place greater demands on the transportation systems.

Probable exports of more than 5 billion bushels of grain and soybeans in 1979/80 will be an "acid" test for domestic port facilities. Although capacity of loading facilities at U.S. ports is adequate, extremely efficient utilization will be required to meet the challenge. Efficient use of port loading equipment also depends on the ability to deliver farm products to ports on schedule.

Substantial investment has been made in on- and off-farm storage capacity during the past two years. Even with this increase, localized shortages of storage continue.

Serious trade-offs must be considered in all three systems—transportation, storage, and port loading capacity. If these systems are expanded to the point where no frictions



or shortages occur during periods of peak activity, costly overcapacity is in prospect for the balance of the year.

U.S. agricultural exports totaled a record \$32 billion for the fiscal year ended September 30. The domestic trade surplus in agricultural commodities amounted to about \$15.8 billion—substantially offsetting the nonagricultural trade deficiency. Export values rose in every market area of the world except North Africa. However, about 75 percent of the increase was due to higher prices.

Export value for fiscal 1979/80 is expected to increase to \$38 billion, with volume contributing more to the gain than price. Expanded grain shipments to the Soviet Union will be a major factor underlying export gains.

The system of flexible exchange rates now are an additional factor. The costs of U.S. agricultural products to most major foreign markets is up about 7 percent from low in October 1978. However, in Japan and most of the developing countries,—the major export markets for wheat—the value of the dollar rose 20 percent from September 1978 to September 1979.

An important export development is the possible inclusion of Greece, Spain, and Portugal in the European Community (EC). These countries represent a significant market for U.S. agricultural exports—\$1.3 billion in fiscal 1978. If these countries ultimately are accepted, U.S. trade with them, as well as with the current 9 member countries, likely will be reduced. Moreover, the competitive position of the United States in certain third world countries, as well as competition from countries displaced from the Common Market, may reduce U.S. exports.



## General Economy

Data for September confirm the third-quarter rebound in the general economy. Real GNP declined 2.3 percent from the first-to second-quarter 1979. However, increased economic activity during the third quarter resulted in a rise in real GNP over the second quarter. Negative real growth should resume in the fourth quarter and continue at least through March 1980.

A decline in consumer demand, government purchases, investment in plants and equipment, and a sharp increase in imports relative to exports all contributed to the drop in real GNP during the second quarter. Declines in Consumer demand resulted in a rapid buildup of business inventories. Analysts expected inventory liquidation to set in during the third quarter, resulting in decreased industrial production and a rise in unemployment. At the time, it appeared that an inventory cycle recession was underway. This would be characterized by two or three quarters of negative growth, some rise in unemployment, and a moderation in the rate of inflation.

Instead, the economy started to heat up again in the third quarter. Real GNP grew at an annual rate of 2.4 per-

cent. The rate of inflation, as measured by the CPI-U, rose at an annual rate of 13.2 percent. Consumer spending rebounded, although real personal income fell 2.1 percent. Consumers continued to buy ahead of inflation, causing the personal savings rate to fall to 4.1 percent. The net export picture also improved somewhat.

On the negative side, business inventories continued to accumulate, and it is possible that the cyclical correction will occur later and be somewhat sharper than previously expected.

### Outlook for 1980

The outlook for 1980 involves sluggish consumer demand and a continued inventory liquidation in the first quarter. Thus, negative growth in real GNP will probably continue through the first quarter. The drop in real GNP for the entire recession is expected to be in the 2-to 4-percent range, somewhat milder than in 1974-75.

The business cycle may then turn upward in the second quarter. Recovery will be slow, although real growth will pick up somewhat towards the end of the year. Overall, little or no real growth is expected for 1980, compared with about 2 percent for 1979.

Inflation should moderate somewhat in the first half of 1980. As the economy picks up slowly in the second half, inflation may accelerate although at somewhat lower levels than in 1979. The year-over-year change in the CPI-U is expected to be 9 to 10 percent in 1980, compared to 11 to 12 percent in 1979.

The unemployment rate is expected to average about 7 percent in 1980. Real disposable income will probably fall throughout the recession and recover very slowly towards the end of 1980. Real income is expected to show no growth compared with 1 to 2 percent growth in 1979.

Although the demand for most consumer foods is relatively insensitive to changes in income, the demand for

red meat does show some response. From the demand side, little or no growth in real consumer income should moderate upward pressure on retail meat prices in 1980.

### Producer Prices Imply More Inflation Ahead

The rate of increase in the PPI implies continued upward pressure on prices in coming months. During the third quarter, the PPI for all commodities increased at an annual rate of about 16 percent. This represents an accelerating rate of inflation when compared with annual rates of increase of about 15 and 13 percent during the first and second quarters of this year.

Prices for crude materials increased 1.5 percent in October compared with an average monthly increase of 0.7 percent for the preceding 6 months. Higher prices for materials such as energy and raw foods and fibers may be reflected in prices for finished goods in future months.

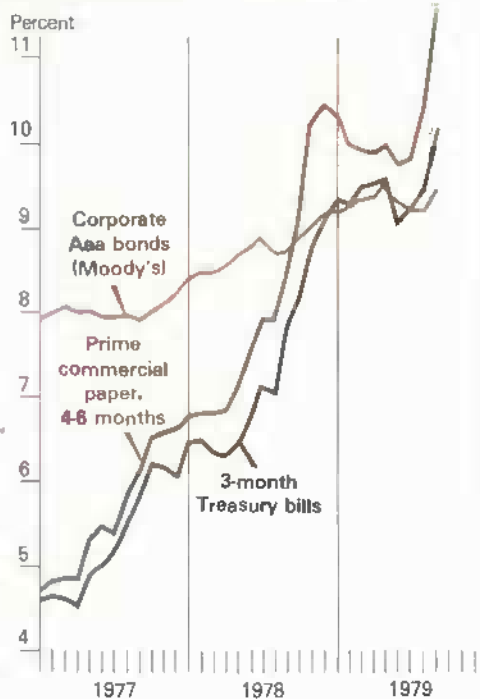
### Fed Tightens Monetary Policy

The Federal Reserve Board continued its attempts to pull in the reins on the money supply during October. The discount rate was raised to a record 12 percent. In response, the prime lending rate jumped to 15.25 percent. Interest rates on short-term Treasury bills broke through the 13 percent level. Previous increases in the discount rate in August and September had barely slowed the growth of the money supply, with M2 growing 12 percent for the 2 months ending October 3.

In addition to raising domestic interest rates, the Fed also instituted reserve requirements on Eurodollar holdings of U.S. banks. The Eurodollar market had been virtually unregulated and was seen as a major weak spot in the international monetary system. Foreign holdings of Eurodollars amount to 2 to 3 times the currency component of the domestic U.S. money supply, leaving the United States in an extremely vulnerable position should the dollars come home.

The new Fed requirements will help slow the growth in the U.S. money supply by making Eurodollars more ex-

Interest Rates Set New Records



pensive. Banks had been borrowing Eurodollars abroad at around 11 percent and loaning them out domestically at around 13 percent, while keeping no reserves against the transactions.

### More on Reserve Requirements

The Fed also instituted reserve requirements on holdings of negotiable certificates of deposit. The move is part of a major overhaul of monetary policy to control the money supply by direct control of bank reserves and interest rates.

Recent increases in the Federal rate weren't effective enough in slowing the growth of money and credit. Direct control of bank reserves is seen as more effective. The domestic money supply tends to be a rather fixed proportion of bank reserves, so that by controlling the reserves the Fed can control the money supply directly.

The switch to more direct control is part of a stronger anti-inflation program. The short-run risks are to deepen the recession somewhat, but they will be outweighed by the long-run benefits if inflation is brought under control.

The subsequent drop in the stock market has caused the Federal Reserve Board to stress that the aim of the new monetary policy is to curb the flow of credit into nonproductive, speculative uses. The Fed urged bankers to keep credit available, at the higher interest

rates, for productive loans to small businesses, consumers, homebuyers and farmers.

### World Economy To Slow Down

World economic growth is expected to slow considerably in 1980. An optimistic forecast calls for a 3-percent growth rate in real GNP for most industrial countries in 1979. Real growth will probably fall to below 2 percent for 1980. The rate of inflation in industrial countries outside the United States should be 8 to 9 percent in 1980, about one point higher than in 1979.

Despite the world economic slowdown, the demand for U.S. grain exports will remain strong through 1980, because of a world production shortfall in 1979 and an expanded Soviet purchase agreement

### Gold Prices Soar. Then Drop

A rush of gold fever swept through the precious metals market in early October, driving prices up to a record \$444 per ounce before dropping back below \$400. The near panic conditions reflected a widespread attempt by individuals, businesses, and nations to hold real assets. The gold market is a very small segment of commodities trading, and wild fluctuations in gold prices do not directly affect the overall stability of international markets.

However, the gold market does act as a barometer, measuring concern over worldwide stagflation. The desire to hold assets other than paper currency is also reflected by speculation in real estate, other precious metals, grains, and other commodities.

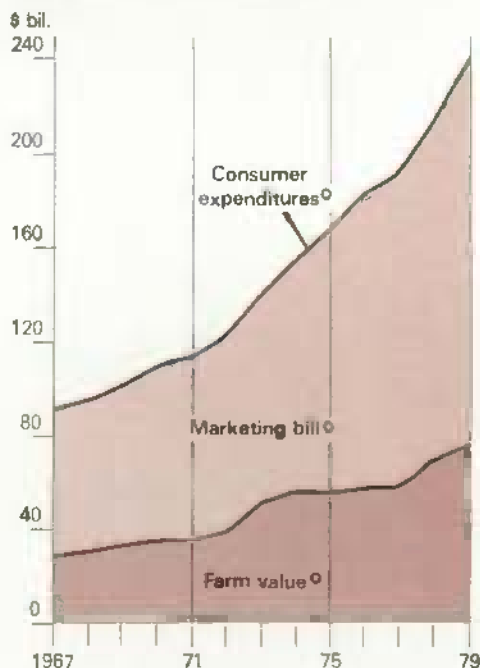


## Food and Marketing

Retail food prices in 1980 are expected to rise 7 to 11 percent. The current assessment indicates an increase of about 8 percent, although if weather conditions disrupt crop and livestock production, and diminish food supplies, then higher increases in the range are possible.

The quarterly pattern is expected to differ from 1978 and 1979. Food price

**Marketing Bill and Farm Value Boosting Consumer Food Bill**



\*For domestically produced farm foods.

increases are expected to be moderate early in 1980 due to larger supplies of pork and poultry, as well as some slackening in demand as the economy slows. More rapid price increases could occur in the second half as the economy recovers and meat output declines, but they may still fall short of the rates experienced in early 1978 and 1979.

Changes in the farm value are expected to be much more moderate than in 1978 and 1979. Record supplies of red meats and poultry are expected in the first half of 1980. Supplies of many fruits, vegetables, and summer field crops will be plentiful. Barring any weather-related supply disruptions, the farm value next year could average 1 percent higher than in 1979. But weather could present some problems and cause the farm value to rise as much as 10 percent in 1980.

Marketing costs are expected to rise 9 to 12 percent. Labor cost, the largest component of marketing costs, are likely to rise 10 to 11 percent. Labor productivity, which decreased in 1978, will be an important determinant of these costs. Also, the general rate of inflation will be a factor in determining wage increases for those workers with cost-of-living adjustment clauses in their contracts. Energy costs, are becoming more important.

### Product Highlights

Livestock product food prices are expected to increase about 5 to 6 percent in 1980, less than half the rate experienced this year. Price increases for crop product foods will show little change from the 1979 rate of about 8 percent.

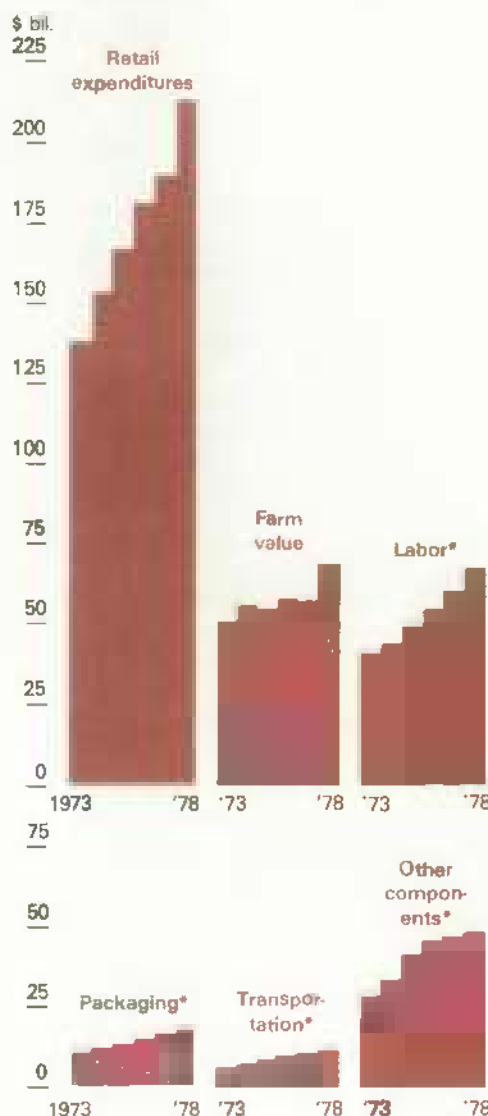
Record supplies of red meats and poultry will be available through the middle of 1980. Higher production of both pork and poultry is expected through the first quarter of the year, dampening retail prices for these products. Pork production is likely to continue high in the second quarter as the liquidation phase of the pork cycle is reached. In addition, favorable pasture conditions have led to lower third quarter 1979 placements of cattle on feed, meaning some cattle that

would have been marketed in late 1979 will now be marketed in 1980. This will have a moderating effect on beef price increases in early 1980. The relatively low hog and poultry prices will slow production. By mid-1980, production of pork and poultry will be lower. Retail meat and poultry prices may accelerate but are not expected to match the rate of increase experienced in early 1979.

Egg production likely will be higher in 1980 than this year as more pullets enter laying flocks. As a result, retail egg prices are expected to average lower than in 1979.

Production of dairy products in 1980 is expected to increase near 1 percent, about the same rate as in 1979. Price increases are somewhat related to the rate of inflation as the support price is based on the parity index. Demand remains strong, but adequate

**Spending Climbs for U.S. Farm Foods and Components**



\*Components of total marketing bill. For domestic farm foods purchased by civilian consumers for consumption both at home and away from home.



levels of commercial stocks, which were rebuilt this year, will help lessen retail dairy price increases from 11 percent this year to about 9 percent in 1980.

Supplies of wheat should remain adequate next year despite a large export demand for grains. There is a large wheat crop this year, carryover stocks from previous years are large, and there will be no wheat set-aside for 1980. Although the farm value of cereals and bakery products will rise modestly, it accounts for less than 20 percent of these retail prices; processing costs account for the rest. This large processing component will cause prices of retail cereals and bakery pro-

ducts to increase about 9 percent.

With a record soybean crop this year and large stocks, the farm commodity component of fats and oils will partially offset increasing processing costs, keeping the 1980 retail price increase for fats and oils at about 7 to 8 percent.

Retail prices for sugar and sweets are likely rise about 8 percent in 1980. World production of sugar may fall short of consumption for the first time in 5 years, but record high levels of stocks will moderate these price increases.

Prices for fish and imported foods are expected to increase 8 to 10 percent next

year. Coffee prices, which recently started to rise, reversing a 2-year downward trend, will continue to increase and will no longer moderate these price changes.

Prices for food away from home may rise 8 to 10 percent, with the current estimate indicating a 9-percent increase. The large service component of these foods causes their prices to move more closely with labor costs and the general rate of inflation than do prices for food at home.

### 1979 Retail Food Prices

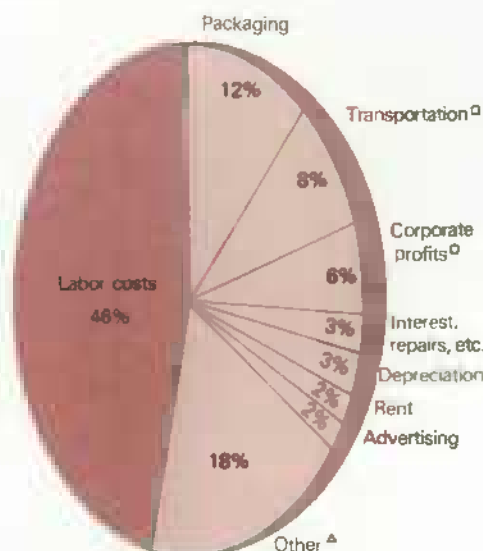
The current assessment indicates that retail food prices in 1979 will average nearly

## CONSUMER EXPENDITURES, FARM VALUE, AND MARKETING BILL FOR DOMESTIC FARM FOODS

Item	1967	1973	1974	1975	1976	1977	<sup>1</sup> 1978 <sup>1</sup>
	\$ Mil.						
Consumer expenditures:							
All farm foods	90,568	136,701	152,251	166,436	180,857	189,346	212,425
Beef	15,356	27,230	27,788	28,270	33,512	33,439	39,369
Pork	9,730	14,335	16,130	16,617	18,522	19,092	21,743
Other red meats	1,341	1,439	1,624	2,386	2,336	2,373	2,634
Poultry	4,313	7,871	7,463	8,391	9,011	9,430	10,864
Eggs	2,777	4,270	4,269	4,152	4,683	4,625	4,288
Fluid milk & cream	8,205	9,825	10,993	11,091	12,212	12,356	12,696
Other dairy	5,941	9,181	10,503	11,878	13,780	14,676	16,583
Fresh fruits	3,155	4,802	5,399	6,171	6,478	7,024	8,843
Fresh vegetables	5,819	9,338	9,457	9,869	10,413	11,617	13,773
Processed fruits	3,031	4,063	4,216	5,381	5,429	5,950	6,365
Processed vegetables	7,055	9,970	12,809	13,676	15,642	16,412	18,321
Grain mill products	3,364	4,139	5,085	5,839	5,991	6,012	6,222
Bakery products	8,927	12,815	15,210	17,937	18,530	19,496	22,127
Fats & oils	2,936	5,226	7,392	6,717	6,326	7,148	8,072
Other foods	8,619	12,197	13,913	18,061	17,992	18,862	20,525
Farm value:							
All farm foods	28,835	51,004	55,723	54,921	57,515	57,285	68,346
Beef	7,276	14,151	12,928	12,623	13,831	13,976	18,944
Pork	3,527	6,299	6,154	7,193	6,996	6,646	7,976
Other red meats	578	567	530	513	550	757	874
Poultry	1,738	3,853	3,330	4,003	3,939	4,091	4,990
Eggs	1,347	2,497	2,413	2,258	2,572	2,362	2,279
Fluid milk & cream	3,402	4,357	5,045	5,231	5,764	5,437	5,833
Other dairy	2,236	3,745	4,213	4,626	5,337	5,458	6,308
Fresh fruits	1,060	1,640	1,533	1,798	1,770	1,864	2,324
Fresh vegetables	1,725	2,821	2,710	3,086	3,206	3,078	3,573
Processed fruits	702	971	1,133	1,121	1,225	1,327	1,745
Processed vegetables	1,005	1,816	2,803	2,245	2,497	2,293	2,522
Grain mill products	635	925	1,149	1,166	995	842	998
Bakery products	1,314	2,663	3,644	2,981	2,591	2,295	2,752
Fats and oils	788	1,930	3,470	2,303	1,996	2,546	2,796
Other foods	1,501	2,769	4,668	3,774	4,246	4,313	4,432
Marketing bill:							
All farm foods	61,733	85,697	96,528	111,515	123,342	132,060	144,076
Beef	8,080	13,079	14,860	15,647	19,681	19,463	20,425
Pork	6,203	8,036	9,976	9,424	11,526	13,280	13,767
Other red meats	763	872	1,094	1,873	1,786	1,616	1,760
Poultry	2,575	4,018	4,133	4,388	5,072	5,339	5,873
Eggs	1,430	1,773	1,856	1,894	2,111	2,262	2,009
Fluid milk & cream	4,803	5,468	5,948	5,860	6,448	6,919	6,863
Other dairy	3,705	5,436	6,290	7,252	8,443	9,218	10,275
Fresh fruits	2,095	3,162	3,866	4,373	4,708	5,160	6,519
Fresh vegetables	4,094	6,517	6,747	6,783	7,207	8,539	10,199
Processed fruits	2,329	3,092	3,083	4,260	4,204	4,623	4,620
Processed vegetables	6,050	8,154	10,006	11,431	13,145	14,119	15,799
Grain mill products	2,729	3,214	3,936	4,673	4,996	5,170	5,224
Bakery products	7,613	10,152	11,566	14,956	15,939	17,201	19,374
Fats & oils	2,148	3,296	3,922	4,414	4,330	4,602	5,276
Other foods	7,118	9,428	9,245	14,287	13,746	14,649	16,093

<sup>1</sup> Preliminary.

## Components of Marketing Bill\*



\* Bill for marketing U.S. farm foods in 1978; shares for 1979 will closely approximate 1978 data. <sup>○</sup> Before taxes. <sup>□</sup> Intercity rail and truck. <sup>△</sup> Residual includes such costs as utilities, fuel, promotion, local for-hire transportation, and insurance.

11 percent higher than in 1978. The 0.9 percent September increase is not indicative of expected food price changes for the remainder of 1979. Over half of the reported September increase was due to the change in the seasonal adjustment factor—the largest change during the year. Food price increases in the fourth quarter should be moderate, although the change in the seasonal adjustment factor will continue to add to the reported food price increase through the end of the year.

The farm value of the market basket of domestically produced farm foods is of the increase in grocery store prices (food at home) for the year. The farm-to-retail price spread is expected to average 12 percent higher and account for about half of the rise. Prices for fish and imported food will be about 6 percent higher, accounting for the remaining tenth. Food away-from-home prices are expected to average about 11 percent higher this year.

Retail pork and poultry prices will continue to decline. Beef supplies are expected to decline, but larger supplies of both pork and poultry will hold down any beef price increases.

Prices of dairy products will likely rise during the rest of 1979. However, the second-half increase this year may not quite match that of 1978. Output during the rest of 1979 is expected to be up slightly from a year earlier.

Prices of fresh vegetables are likely to remain below their high first quarter levels, but potato prices will likely exceed year-earlier levels. Fresh fruit prices are expected to decline seasonally through the remainder of the year. Total noncitrus production will be about 5 percent higher than in 1978, with a near-record expected for apples. In addition, a larger citrus crop than last year is expected.

In the fourth quarter, retail prices for cereals and bakery products are likely to increase at about the rate of inflation in the general economy. Higher marketing costs rather than farm prices for food grains are the primary sources of retail price increases. The strong export demand for grains will affect these prices only minimally because the farm value of cereals and bakery products accounts for less than one fifth of the final retail price.

## Retail Food Prices Increase Sharply In September

The Consumer Price Index (CPI-U) for food increased 0.9 percent from August to

September on a seasonally adjusted basis. This reflects a 1.1 percent increase for food at home and a 0.6 percent increase for food away from home. The September all-food index is 10.0 percent higher than in September 1978.

The major causes of the September rise were increases for beef, fruits, vegetables, and food away from home. Also, 0.6 percent was added by the seasonal adjustment factor. These increases were partially offset by declines for pork and poultry, a reflection of larger supplies.

On an unadjusted basis, food-at-home prices increased 0.3 percent in September. The farm value of the market basket rose 1.2 percent—the first monthly rise since March. Prices for fish and imported foods rose 1.3 percent, primarily due to coffee price increases. The farm-to-retail price spread fell for the second consecutive month, declining 0.5 percent in September. The farm-to-retail price spread has increased at a 14.4 percent annual rate during the first 9 months this year. This compares to a 13.9 percent annual rate of increase for the total CPI over the same period.

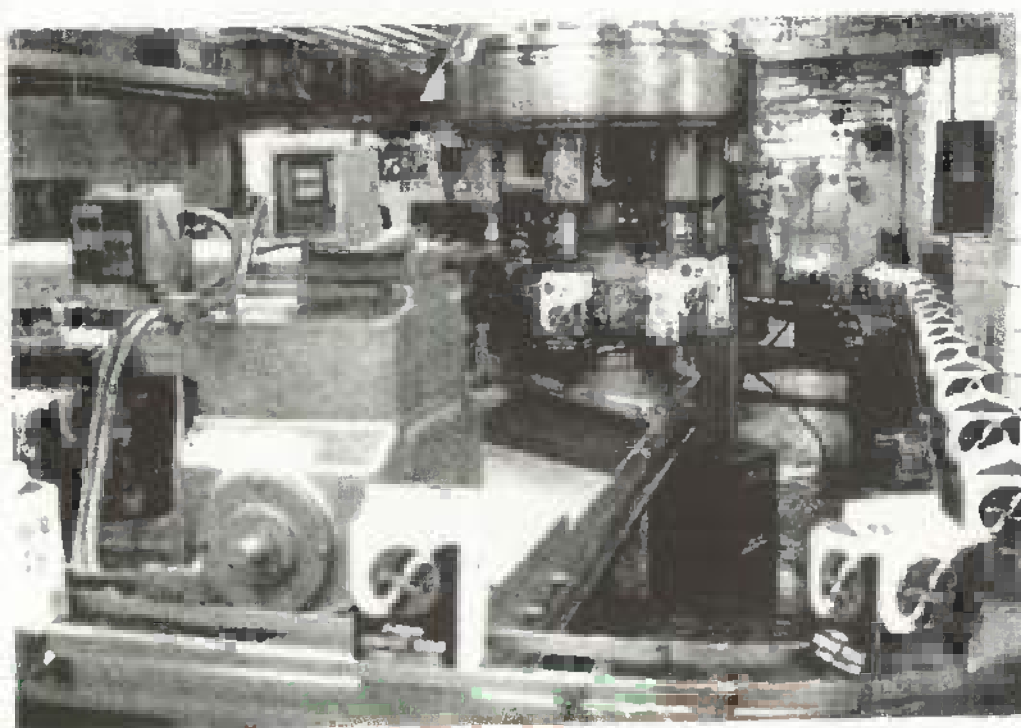
## At-home and away-from-home expenditures for farm foods

			Away-from-home		
Year	Total	At-home <sup>1</sup>		Public eating places <sup>2</sup>	Institutions <sup>3</sup>
			Total		
			\$ Bil.		
Consumer expenditures					
1967	90.6	65.8	24.8	19.3	5.5
1973	136.7	97.0	39.7	31.9	7.8
1974	152.3	107.8	44.5	35.5	9.0
1975	166.4	114.8	51.6	41.3	10.3
1976	180.9	124.6	56.3	45.5	10.8
1977	189.3	128.6	60.7	49.3	11.4
1978 <sup>4</sup>	212.4	146.4	66.0	54.1	11.9
Marketing bill					
1967	61.8	41.9	19.9	15.4	4.5
1973	85.7	55.3	30.4	24.5	5.9
1974	96.5	62.6	33.9	27.1	6.8
1975	111.5	71.7	39.8	31.9	7.9
1976	123.4	77.7	45.7	37.1	8.6
1977	132.0	82.0	50.0	40.9	9.1
1978 <sup>4</sup>	144.1	90.6	53.5	44.2	9.3
Farm value					
1967	28.8	23.9	4.9	3.9	1.0
1973	51.0	41.7	9.3	7.4	1.9
1974	55.8	45.2	10.6	8.4	2.2
1975	54.9	43.1	11.8	9.4	2.4
1976	57.5	46.9	10.6	8.4	2.2
1977	57.3	46.6	10.7	8.4	2.3
1978 <sup>4</sup>	68.3	55.8	12.5	9.9	2.6

<sup>1</sup> At-home is food consumed from the home food supply (primarily purchased from retail food stores).

<sup>2</sup> Includes restaurants, cafeterias, snack bars, and other eating establishments. <sup>3</sup> Includes the value of food served in hospitals, schools, colleges, rest and nursing homes, and other institutions. <sup>4</sup> Preliminary.





## Marketing Costs for Farm Foods

### Marketing

Leland Southard  
National Economics Division

The marketing bill—a measure of the processing and distribution costs for U.S. farm foods purchased by civilian consumers—is expected to increase 13 percent this year, compared with 9 percent in 1978.

Most of the sharp rise in the marketing bill can be traced to rising business costs due to inflation. Labor, transportation, packaging, and energy are the major factors in the increasing costs of food. The strength of aggregate demand for food has enabled processors and distributors to maintain profit ratios.

Rising costs of processing and distributing foods will account for the major portion of the increases in consumer expenditures for farm foods this year. Purchases in foodstores and eating places, plus the value of food served by schools, hospitals, and other institutions, could total \$239 billion—a \$27 billion increase over 1978. More than two-thirds will result from a \$19 billion increase in the marketing bill, which will total about \$163 billion. The farm value of food is expected to total \$76 billion, an increase of \$8 billion over 1978.

Further increases in food marketing costs in 1980 will reflect a continuation of economy-wide inflation in wages and prices of goods and services. The rate of increase likely will depend on the course of inflation

since marketing costs tend to change at rates similar to inflation rates. Relatively high inflation is likely but some moderation is anticipated based on the sharp boost in interest rates and prospects for a mild recession. This would reduce aggregate demand for food, particularly in eating places, which should slow the inflation rate. On the other hand, higher consumer prices this year intensified pressure by workers for larger wage increases to maintain or increase their real

wages. Strong upward pressure on marketing costs also is likely from large increases in energy prices and small productivity gains in the food industry.

On balance, a slower rate of increase in marketing costs would seem likely in 1980 because of stronger economic policies to slow inflation. Accordingly, the increase in the marketing bill in 1980 is expected to be about 11 percent. Processing and distributing costs for foods will account for most of an expected increase of 8 percent in consumer expenditures for domestically-grown foods. The farm value of these foods is expected to rise substantially less than the increases of the past 2 years.

Labor is the largest cost incurred by firms marketing farm food products, accounting for 46 percent. Food containers and packaging materials are the second largest cost, 12 percent; followed by rail and truck transportation, 8 percent; and corporate profits, 6 percent. Energy, advertising, depreciation, bad debts, interest, and other costs comprise the remaining 28 percent.

### Labor

Labor costs are expected to increase about 12 percent in 1979—the same as in 1978. An increase of 10 to 11 percent in labor costs is expected in 1980. The increases in total labor costs reflect rising unit labor costs and a gradual increase in the volume of food marketed. The rising unit labor costs are due to higher hourly earnings, larger employee benefit costs, and smaller productivity gains.

Hourly earnings of food marketing

Expenditures, marketing bill, and farm value by selected commodities and where consumed in 1978<sup>1</sup>

Item	Meat	Poultry	Dairy products	Fruits and vegetables	Grain mill products	Bakery products	Total <sup>2</sup>
\$ Mil.							
Consumer expenditures . . . . .	63,746	15,152	29,279	47,302	6,222	22,127	212,425
At-home . . . . .	35,666	10,231	19,965	40,031	5,133	15,159	146,435
Away-from-home . . . . .	28,080	4,921	9,314	7,271	1,089	6,968	65,990
Public eating places . . . . .	24,649	4,367	7,063	4,764	814	5,664	54,123
Institutions . . . . .	3,431	553	2,251	2,507	274	1,305	11,866
Marketing bill . . . . .	35,952	7,882	17,138	37,137	5,224	19,374	144,076
At-home . . . . .	14,435	3,659	9,803	31,434	4,177	12,795	90,585
Away-from-home . . . . .	21,517	4,223	7,335	5,703	1,047	6,579	53,491
Public eating places . . . . .	19,150	3,795	5,653	3,764	786	5,348	44,260
Institutions . . . . .	2,367	428	1,681	1,938	261	1,231	9,229
Farm value . . . . .	27,794	7,269	12,141	10,164	998	2,752	68,346
At-home . . . . .	21,231	6,571	10,162	8,596	956	2,363	55,847
Away-from-home . . . . .	6,563	698	1,979	1,568	42	389	12,499
Public eating places . . . . .	5,499	572	1,410	1,000	29	316	9,864
Institutions . . . . .	1,064	126	570	568	13	73	2,636

<sup>1</sup> Preliminary. <sup>2</sup> Includes some foods not shown separately.

employees have moderated to an annual rate of 8.4 percent in the first half of this year from 9.2 percent in 1978. However, large increases in the Consumer Price Index (CPI) during the first 3 quarters of this year suggest there will be intensified pressure for larger wage increases in the future.

Some wage increases are assured in the latter part of this year and early 1980 due to cost-of-living adjustments (COLA). The typical COLA is 1 cent for every .3 of an index point increase in the CPI for Urban Wage Earners and Clerical Worker (CPI-W)(1967=100).

Increases in hourly earnings in food marketing have generally paralleled the rise in the CPI-W, but in 1978 the average increase in hourly earnings—9.2 percent—exceeded the 7.6 percent rise in the CPI-W. This year, hourly earnings probably will be less than the expected rise in the CPI-W.

Another source of rising hourly earnings is the scheduled increase in the minimum wage from the present \$2.90 per hour to \$3.10 on Jan. 1, 1980. Food service workers are one of the largest groups of employees directly affected by this change.

Employee fringe benefits—such as paid vacations and holidays, health insurance, private pensions, and employer payments for Social Security and unemployment insurance—have increased more rapidly than hourly earnings. The benefits increased from 17 percent of food marketing costs in 1967 to 24 percent in 1978. In contract negotiations, employees have insisted on more and better fringe benefits—which are not subject

to income taxes—rather than wage increases. To maintain the purchasing power of pensions for retirees and existing benefits for workers, the cost to the employer will rise with the general inflation rate. Some workers have collective bargaining agreements with built-in benefit increases.

Another source of increasing labor costs is the employers' payment into Social Security. These required payments are based on a percentage of employee salaries up to \$22,900 in 1979 and up to \$25,900 in 1980.

Labor productivity presents a major uncertainty in the outlook for labor costs. Productivity for the private nonfarm economy declined sharply in the first 9 months of 1979—2.4 percent annual rate—and will show a decline for the year. In

1978, labor productivity increased 1.1 percent but was still down from a 1.8 percent increase in 1977.

The food industry has followed the overall trend of declining labor productivity, adding substantially to unit labor costs during 1979. The decline was concentrated in food stores and restaurants where output per hour declined more than 4 percent. Small gains in productivity—about 1 percent (annual rate) were noted in food manufacturing. Productivity increased most in the dairy and canning industries, largely a result of increased automation and economies of size.

## Union Contract Negotiations and Wage Settlements

Contracts of about 300,000 food industry workers will be renegotiated in 1980. Union labor contracts affecting 430,000 food workers—primarily in retailing and processing—were scheduled for renegotiation in 1979, more than in 1978 or 1980.

Contracts negotiated so far this year provide for higher wage increases than last year. Increases in wages for the first year of the new contracts increased from about 8 percent to more than 9 percent for retail food store clerks and meatcutters. However, settlements for all workers in the private nonfarm economy exhibited a similar trend, averaging 7.5 percent in the first 9 months of 1979 about the same as for all of 1978.

Many union contracts provide for COLAs, based on movements in the Consumer Price Index (CPI). COLA provisions cover 75 percent of foodstore workers and 36 percent of food manufacturing workers with major collective bargaining contracts. The rise in inflation to an annual rate of about 14 percent in the first half of this year resulted in substantial wage adjustments. For example, meatcutters employed in the meatpacking industry received an increase of 42 cents per hour in July 1979, compared with 26 cents per hour in July 1978.

The United Food and Commercial Workers Union recently negotiated a new 3-year contract with major meatpackers that will directly affect wages of 80 to 85 percent of meatpacking plant workers. The terms of the new contract are essentially the same as under the expired contract which provided

## Components of marketing bill for farm foods

Item	1968	1973	1976	1977	1978 <sup>1</sup>
Marketing bill . . .	65.1	85.7	123.3	132.1	144.1
Labor <sup>2</sup> . . . . .	28.0	40.2	53.5	59.4	66.7
Packaging materials . . . . .	7.8	10.9	15.0	16.2	17.7
Transportation, rail and truck <sup>3</sup> . . . . .	4.5	6.0	9.5	10.0	10.9
Corporate profits before taxes . . . . .	3.6	5.3	7.6	8.0	9.1
Other <sup>4</sup> . . . . .	21.2	23.3	37.7	38.5	39.7

<sup>1</sup> Preliminary. <sup>2</sup> Includes supplements to wages and salaries such as pensions and health insurance premiums. Also includes imputed earnings of proprietors, partners, and family workers not receiving stated remuneration. <sup>3</sup> Does not include local hauling charges. <sup>4</sup> Includes business taxes, depreciation, rent, advertising, interest, energy, and numerous other costs.

## Marketing Bill By Component

Industry	1968	1973	1976	1977	1978
<b>Processing</b>					
Labor . . . . .	9,333	11,991	15,948	16,880	17,927
Profits . . . . .	1,980	2,618	4,499	4,318	4,822
Other . . . . .	9,057	10,653	13,798	13,598	14,835
Total . . . . .	20,370	25,262	34,245	34,796	37,584
<b>Wholesaling</b>					
Labor . . . . .	3,652	5,461	7,467	8,021	9,369
Profits . . . . .	599	1,275	1,153	1,359	1,535
Other . . . . .	4,081	5,914	8,995	10,072	10,999
Total . . . . .	8,332	12,650	17,615	19,452	21,903
<b>Retailing</b>					
Labor . . . . .	7,353	10,886	15,318	17,001	19,214
Profits . . . . .	663	775	961	1,159	1,529
Other . . . . .	9,987	11,192	16,969	18,000	19,232
Total . . . . .	18,003	22,853	33,238	36,160	39,975
<b>Food Services</b>					
Labor . . . . .	7,684	11,886	15,584	17,529	20,214
Profits . . . . .	363	668	995	1,109	1,217
Other . . . . .	5,821	6,379	12,166	13,015	12,285
Total . . . . .	13,868	18,933	28,745	31,653	33,716
<b>Transportation</b>	4,500	6,000	9,500	10,000	10,900

<sup>1</sup> Preliminary.

workers a 34 percent wage increase compared with a 28 percent increase in the CPI. The new contract calls for an initial increase of 15 cents per hour on September 1, followed by 20 cents the second year and 25 cents the third, plus a cost of living adjustment every 6 months.

COLA provisions represented about two-thirds of the 3-year, 34 percent wage increase gained in the recently expired meat-cutters contract. However, COLA provisions represent less than 25 percent of the wage increases for food industry union workers.

Union wage increases for all industries during the past year have exceeded non-union wage increases by about 1 percent. This is due, in part, to the ability of employers to impose the Council on Wage and Price Stability (COWPS) wage standard on non-union workers and other groups whose pay arrangements do not include COLA's. The wage standard may be relaxed slightly for workers without COLA's. This would result in somewhat larger wage increases in the food processing industries since they have a smaller proportion of union workers covered by contracts with COLA provisions.

## Packaging

Packaging costs are expected to increase about 12 percent this year, compared with 9 percent in 1978, due primarily to higher prices of materials. Producers' prices for packaging materials used in food marketing rose 11 percent in the first 9 months of 1979 over the same period a year ago due to costs of intermediate materials such as plastic resins, paperboard, and tinplate.

The increase of packaging costs is likely to slow to about 10 percent (annual rate) in 1980 because smaller increases in producer prices of glass containers and paper products.

## Transportation

Railroad freight rates for shipping food products continued to rise in 1979, pushing up transportation costs about 13 percent. Railroad freight rates averaged 12 percent higher in the first 9 months of 1979 than a year earlier, largely reflecting general rate hikes and fuel surcharges. Freight carriers will continue to pass fuel price increases along in the form of higher freight rates. Data on freight rates charged by trucks are sketchy, but indications are that truck rates paid by food firms were increased because of rising fuel costs and truck driver wage increases. Diesel fuel prices increased 58 percent during the first 10 months of 1979.

As a result, truckers were granted a 9.5-percent surcharge on September 14, 1979.

## Energy Prices

Prices for energy are rising faster than for other goods and services purchased by food marketing firms. Energy prices rose 14 percent in the first 9 months of 1979 over the same period a year ago. Costs of electricity, natural gas, and other energy sources used in marketing farm foods account for 5 percent of the food marketing bill. Energy prices are expected to rise sharply through 1980.

## Corporate Profits

Before-tax profits earned by corporate firms from marketing farm-food products represent 6 percent of the marketing bill, or 4 percent of retail food expenditures. Profits as a percent of sales (Profit ratios) during the first half of this year were about the same as a year ago. Food processors' profit ratios were slightly lower, while those of food retailers were higher. While profit ratios of individual firms may fluctuate, the aggregate profit ratio is expected to be lower in 1980 than the current level because of the expected downturn in business activity.

## Other Costs

Depreciation, rent, repairs, interest and other components of the marketing bill

account for 23 percent of the total. These costs are expected to increase 13 percent in 1979 and 11 percent in 1980.

## What Are the Marketing Bill Statistics?

The marketing bill is estimated by subtracting total farm value from consumer expenditures for farm foods, including expenditures for foods purchased in retail stores, restaurants, schools, hospitals, and other institutions. Excluded are imported and nonfarm foods, such as seafood and coffee.

The farm value is the payment to farmers for farm foods purchased by consumers.

The marketing bill represents the costs of processing, transporting, and distributing U.S. farm foods purchased by consumers. It gives a general description of the changes taking place in the non-farm portion of the food sector, bringing together a great quantity of data to provide a perspective on the relative magnitudes of expenditures for different functions and of various costs and profits representing resource inputs. Both practical limitations on availability of data and conceptual difficulties mean a high degree of precision is not possible for much of the data. These statistics should be accepted as indicative but not exact.

Degree of self-sufficiency in EC-9 and EC-9 plus Greece, Spain and Portugal—production as percentage of domestic consumption, 1973-1975 average

Commodity	EC-9	EC-9 plus Greece, Spain and Portugal	Change
	Percent	Percent	Percentage points
<b>Significant increase</b>			
Rice (husked) . . . . .	82.1	90.1	+8.0
Fresh vegetables . . . . .	93.8	102.0	+8.2
Peaches . . . . .	89.3	101.9	+12.6
Citrus . . . . .	40.1	77.3	+37.2
Table grapes . . . . .	66.5	81.7	+15.2
Olive oil . . . . .	78.2	99.1	+20.9
Sheep and goat meat . . . . .	63.3	72.6	+9.3
<b>Minor change</b>			
Wheat . . . . .	103.9	102.3	-1.6
Potatoes . . . . .	101.0	100.7	-0.3
Wine . . . . .	116.5	117.9	+1.4
Total meat products . . . . .	95.3	95.3	—
Beef and veal . . . . .	94.5	93.9	-0.6
Pork . . . . .	100.1	99.7	-0.4
Poultry meat . . . . .	102.5	101.9	-0.6
Milk . . . . .	99.9	99.7	-0.2
Butter . . . . .	100.8	100.5	-0.3
Cheese . . . . .	102.6	102.0	-0.6
Skimmed milk powder . . . . .	137.4	135.5	-1.9
Eggs . . . . .	99.9	100.8	+0.8
<b>Significant decrease</b>			
All grains . . . . .	91.8	88.4	-3.4
Sugar . . . . .	90.5	86.2	-4.3
Whole milk powder . . . . .	230.9	193.0	-37.9

Source: Deutsche Institut fuer Wirtschaftsforschung.





## Storage and Transportation

The Interstate Commerce Commission (ICC) approved a general rail rate increase of 7.4 percent nationwide in mid-October. This supplements four fuel surcharges granted to the railroads since May. The rate increases for grain averaged between 13.5 and 14.7 percent, including the fuel surcharge of 4.7 percent.

The fuel rate surcharge that regulated carriers are required to pay truck owner-operators remained at 9.5 percent.

Weekly barge shipments of grain declined from 34.8 million bushels in August to 33.3 million bushels in September. Barge loadings through September totaled 1.1 billion bushels, down 4 percent from the record pace of 1978.

Railcar loadings averaged 28,700 per week in September, down 3 percent from August but well above the 24,400 level of September 1978. Railcar loadings continue to run above the 1978 record volume.

### U.S. Port Capacity Being Put to Test

The 1978/79 export estimates for grain and soybeans are about 4.4 billion bushels, while 1979/80 projections are slightly more than 5 billion bushels, an increase of nearly 15 percent.

While the facilities of port elevators are capable of handling more than the 4.4 billion bushels loaded out in 1978/79, the effective use of these facilities is limited by

delays due to congestion, downtime for repairs and maintenance, and nonavailability of grain or ships.

Grain exports of more than 400 million bushels a month will be required to meet the 1979/80 projections. U.S. ports have matched or exceeded that rate in the past, but only for short periods.

### Inland Transportation System Severely Taxed

With record corn and soybean harvests underway, the inland transportation system will be hard pressed to fulfill the needs of agricultural shippers this fall and winter.

Railroads—the dominant mode for inter-city shipments of food and feed grains—have responded and moved the commodities when exports increased in the past. Despite substantial outlays for new equipment to handle bulk agricultural products, railroad service has not been sufficient to meet agricultural shippers' needs recently.

Average daily car shortages reported this year ranged from 10,000 to 15,000 before the feed grain and soybean harvests, slightly above the level sustained at that time last year. Railcar shortages have increased as harvest progressed and possibly will reach 20,000 to 25,000. The reported shortages likely will persist through early next year.

The Rock Island Railroad has resumed operation, but service has yet to approach normal levels. Much of Rock Island's track is in poor condition which hampers restoration of operations.

Barges handle 30 to 40 percent of total U.S. grain exports. The volume of grain transported by barge has risen sharply in recent years, but physical restraints on inland waterways—winter icing, variable water levels, and lock capacity on the Upper Mississippi River system—limit movements.

The limited capacity of Locks and Dam 26 on the Mississippi River is the primary constraint to export grain movement on the inland waterway system. All grain shipped by barge on the Upper Mississippi and Illinois Rivers must pass through these locks. An 1978, almost 55 percent of the tonnage shipped through the locks was grain and grain accounted for 80 percent of the downbound traffic. The locks were operating close to their capacity of about 63 million tons last year.

Shipments projected for and after 1980 will exceed waterway capacity. So more capacity in other modes will be needed to accommodate the sharp rise in grain exports expected next year.

It has been estimated that trucks account

for about 15 percent of all grain shipped to U.S. ports for export. There appears to be a sufficient inventory of trucks both on and off farms to transport grains and soybeans.

### Shortages of Grain Storage Capacity Likely

Although nearly 1.6 billion bushels of on-farm storage and 800 million bushels of off-farm storage have been constructed since 1977, there will be localized shortages of grain storage this fall.

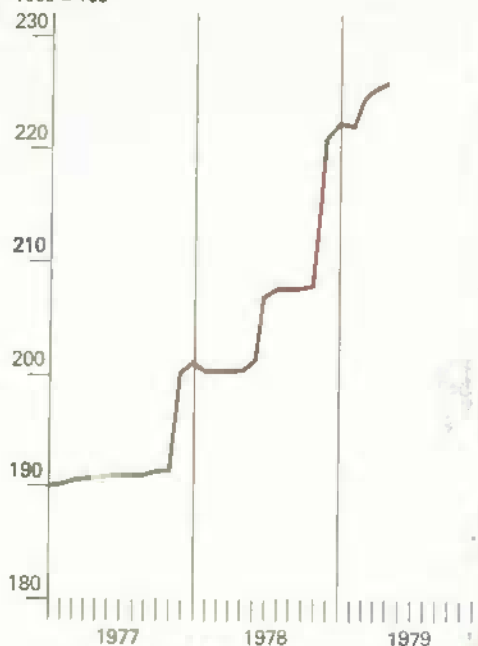
September stocks of soybeans were 8 percent above last year, and October stocks of feed grains are 4 percent more than a year ago. As a result, more grain storage capacity was tied up before harvest than in recent years.

Transportation problems disrupted the orderly marketing of grain in some areas. The recent labor strike at the ports of Duluth-Superior and work stoppage on the Rock Island Railroad forced rerouting of grain to alternate destinations, which backed up grain inventories at country elevators, with some completely filled to capacity.

With record volumes of corn and soybeans being harvested, shortage of grain capacity will likely occur in some Corn Belt States, particularly Iowa and Illinois. Ohio, Indiana, Nebraska, and Colorado will also likely undergo spot shortages. However, the probable deficits in any of these states should not exceed one to one and a-half month's average disappearance. Thus, the likelihood of any grain not under some protective cover by yearend is low.

### Freight Rates for Farm Products Increase Sharply

1969 = 100



Bureau of Labor Statistics, U.S. Department of Labor.



## Agricultural Economy

Conditions this fall were generally favorable for maturing and harvesting U.S. crops. Yields were large, particularly for corn, which may average 6.68 metric tons per hectare (106.4 bushels an acre) nationwide. Production of corn was estimated at a record 187.7 million metric tons (7.4 billion bushels), due entirely to the high per-hectare yield as planted area was slightly smaller than last year.

Production of soybeans was also record large at 60.2 million metric tons (2.2 billion bushels). Soybean yields may average 2.11 metric tons per hectare (31.5 bushels an acre), and the planted area was larger in 1979 than last year.

The wheat crop totaled 57.8 million metric tons (2.1 billion bushels), 19 percent above last year. Wheat acreage increased this year.

Domestic use of 1979/80 U.S. crops will increase moderately. Exports especially grain, are expected to increase sharply. Season average prices for grains will be well above the average for last year, but not much different than current levels. The farm level season average price for soybeans will likely be lower than 1978/79.

### Cash Receipts To Increase

Current indications are that crop receipts in 1980 will be slightly higher than 1979. The outcome, however, could vary because of uncertainties about both production and demand.

Although the current harvest is largely completed, there is still considerable possibility for variation in crop production affecting prices and 1980 farm income. The size of Southern Hemisphere crops, particularly South American soybeans, will affect the outlook for prices early in the year. The size of the wheat crop and expectations for the fall-harvested crops in the Northern Hemisphere will begin affecting farm income in the second and third quarters of 1980.

While demand for crops is expected to continue strong into 1980, there is much uncertainty about prices, especially in the second half of the year.

Prices for the major crops depend critically on the level of exports, which could vary depending on weather conditions and

### Market prices, loan rates, and target prices

	Corn	Soybeans	Wheat	Cotton
	\$ per bu.		\$ per lb.	
Season average				
Price				
1977/78 . . .	2.02	5.88	2.33	52.3
1978/79 . . .	2.20	6.75	2.94	58.8
1979/80				
Proj. . . .	2.35-	5.75-	3.60-	( <sup>2</sup> )
	2.65	6.50	3.90	( <sup>2</sup> )
Loan rate. . .	2.00	4.50	2.35	50.2
Target price . .	2.20	—	3.40	57.7

<sup>1</sup> Average to April 1, 1979. <sup>2</sup> USDA is prohibited by law from projecting cotton prices.

### Production Expenses To Rise

Item	1977	1978	1979 <sup>1</sup>	1980 <sup>2</sup>
Billion dollars				
Feed purchased . . . . .	14.0	14.4	16.8	17.5
Livestock purchased . . . . .	7.0	10.0	12.2	13.6
Repair and operation . . . . .	5.8	6.2	7.0	7.5
Fuel . . . . .	4.4	4.6	6.7	9.0
Hired labor . . . . .	7.5	7.7	8.0	8.5
Machine hire . . . . .	2.3	2.5	2.9	3.3
Pesticides . . . . .	1.9	1.8	1.9	2.1
Short term interest . . . . .	3.6	4.3	5.6	6.4
Other operating expenses . . . . .	5.9	6.3	7.2	8.1
Depreciation . . . . .	15.2	16.6	18.6	20.6
Taxes . . . . .	3.9	4.2	4.5	4.8
Interest on real estate . . . . .	4.4	5.2	6.3	7.4
Net rent to nonoperator landlords . . . . .	4.1	4.7	5.3	5.5
Total . . . . .	88.8	98.1	113.5	126.4

<sup>1</sup> Preliminary estimate. <sup>2</sup> "Most Likely" forecast.

### CROP PRODUCTION, USE, AND ENDING STOCKS

Crop	1977/78	1978/79	1979/80 Projected
Million metric tons			
Corn			
Production . . .	163.2	179.9	187.7
Domestic use . .	108.2	121.3	125.5
Exports . . . .	49.5	54.3	63.5
Ending stocks . .	28.0	31.4	27.1
Soybeans			
Production . . .	48.0	50.9	60.2
Domestic use . .	27.3	30.1	32.2
Exports . . . .	19.1	20.5	22.5
Ending stocks . .	4.4	4.4	10.3
Wheat			
Production . . .	55.4	49.0	57.5
Domestic use . .	23.1	23.4	23.5
Exports . . . .	30.6	32.5	38.1
Ending stocks . .	32.0	25.1	21.1
Cotton			
Production . . .	3.13	2.36	3.13
Domestic use . .	1.42	1.39	1.35
Exports . . . .	1.19	1.35	1.42
Ending stocks . .	1.16	0.87	1.24

the severity of recession abroad. However, the uncertainty about the level of international demand is even greater because other countries can arbitrarily change their policies regarding importation of agricultural commodities.

The demand for crops in the United States, primarily due to variation in animal feeding rates, can also vary considerably. Because of low price elasticity of demand for major crops, market prices are very sensitive to small changes in quantity. Smaller-than-average crops would cause higher prices which, with disaster payments, would maintain and possibly increase cash receipts. In the event of very high yields, prices and cash

receipts could be considerably lower. However, price support and reserve programs for major crops will prevent a major decline in cash receipts. Thus, cash receipts for crops are likely to be higher rather than lower than the forecasts.

Cash receipts could vary materially if livestock market prices continue to exhibit the high degree of volatility seen since July or if the recession has a larger impact on demand than expected.

### Production Expenses To Increase Reducing Net Farm Income

While the outlook is for cash receipts to increase slightly from current levels, production expenses will rise substantially and reduce net farm income in 1980. Most of the increase in expenses is caused by higher prices for inputs.

Current information suggests a 1980 farm income that is smaller than the \$30 to \$32 billion estimated for 1979, possibly 20 percent smaller.

Production expenses are to a large degree fixed, but cash receipts could vary materially with such factors as unusual weather conditions or consumer demand different than expected. A relatively small change in cash receipts will cause a relatively large change in net farm income.

Off-farm income will contribute more than one-half of total family income of farm operators and, because of reduced net farm income, be more important than even before.

Of course, aggregate measures of farm income are not indicative of the financial

### Sales Of Farm Machinery Items Increase

Item	Unit sales				Percent change	
	Jan.-Dec.		Jan.-July		1977-80	1978-1979
	1977	1978	1978	1979		
	1,000 units				Percent	
Tractors:						
2-wheel drive . . . . .	123.2	130.9	81.0	82.0	6	1
4-wheel drive . . . . .	7.7	8.7	4.8	6.2	13	29
All tractors . . . . .	130.9	139.6	85.8	88.2	7	3
Combines . . . . .	28.8	31.5	11.2	11.2	9	0
Portable grinder						
mixers . . . . .	9.0	10.5	5.7	8.1	17	42
Forage harvesters . . . .	13.2	11.5	4.1	4.4	-13	7
Manure spreaders . . . .	16.0	18.9	13.1	13.6	18	4

Source: Farm and Industrial Equipment Institute, Chicago, Illinois.

status of every farm operator. Individual circumstances differ considerably because farm families do not share equally in off-farm income and net farm income varies according to commodities produced, debt position, farm size, distance from market, and local weather. For example, pork producers incomes will be substantially reduced in 1980; off-farm income is generally more significant for the operators of the smaller farms; and operators with high debt ratios will experience substantial increases in interest expenses.

### Prices For Pesticides To Rise

Pesticide supplies should be adequate for all major uses in 1980. However, because of increasing production costs, prices are likely to be up 5 to 10 percent for herbicides and insecticides, and as much as 15 to 20 percent for some fungicides. The only major exception to the prospects for increased prices is atrazine. One basic producer has announced a price cut for atrazine.

Pesticide prices in 1979 were up an average of about 3 to 4 percent, after a substantial decline in 1977 and a slight decline in 1978. Average prices in 1979 were up about 10 percent for fungicides, 5 percent for insecticides, and 2 or 3 percent for herbicides. The only major product registering a price decline in 1979 was atrazine with a drop of about 2 percent. Between 1975 and 1979, the price of atrazine dropped from \$3.69 per pound of active ingredient to \$2.47 per pound.

While many pesticides are petroleum based, no raw material shortages are in prospect. However, production costs will be higher. Prices for some ingredients, particularly formulating materials such as solvents and emulsifiers, are as much as 30 to 50 percent higher than last year.

There is a large inventory carryover of cotton insecticides because of unusually light insect infestations during the past growing season.

The synthetic pyrethroid insecticides and

### Average Prices Paid By Farmers For Pesticides To Increase

Pesticide product	Price per pound of active ingredient			Price change	
	1977	1978	1979	1977-78	1978-79
	Dollars			Percent	
Insecticides:					
Carbaryl . . . . .	2.33	2.40	2.56	3	7
Malathion . . . . .	2.78	2.76	2.76	-1	0
Methyl parathion . . . .	2.00	2.23	2.24	12	1
Parathion . . . . .	2.60	2.66	2.80	2	5
Toxaphene . . . . .	.91	.93	1.02	2	10
Herbicides:					
Atrazine . . . . .	2.75	2.53	2.47	-8	-2
Alachlor . . . . .	3.68	3.71	3.43	1	6
Trifluralin . . . . .	6.40	6.15	6.30	-4	2
2, 4-D . . . . .	2.10	1.87	1.94	-11	4
Fungicides:					
Zineb . . . . .	1.77	1.83	2.00	3	9
Captan . . . . .	2.26	2.46	2.74	9	11
Index . . . . .	-	-	-	-5	3

### Higher Fuel Prices Boost Per-acre Crop Costs

Year and crop	Fuel cost/ acre	Total variable cost/acre	Fuel as a share of variable cost
	Dollars		Percent
Corn:			
1975 . .	5.72	91.21	6.3
1976 . .	6.00	86.39	7.0
1977 . .	7.89	96.41	8.2
1978 . .	8.41	98.27	8.6
1979 . .	11.10	104.80	10.6
Wheat:			
1975 . .	4.72	39.50	10.4
1976 . .	4.55	36.20	12.6
1977 . .	4.80	37.24	12.8
1978 . .	5.19	37.64	13.8
1979 . .	6.85	41.35	16.5
Cotton:			
1975 . .	8.43	143.99	5.9
1976 . .	8.98	152.17	5.9
1977 . .	11.45	168.21	6.8
1978 . .	11.98	162.54	7.3
1979 . .	15.81	175.61	9.0



chlordimeform were available for use on cotton during the 1979 growing season and reduced demand for other insecticide chemicals. In addition, increased scouting observed pest infestations and other improved management practices reduced the number of cotton insecticide applications.

Pesticide demand is expected to increase in 1980, but only slightly. Herbicide demand is likely to be up because of greater use of multiple product treatments. Insecticide demand is likely to be greater, assuming pest populations increase from the light cotton insect infestations of last season.

World pesticide use has been projected to increase about 12 percent between 1978 and 1980. The United States accounts for about 33 percent of total world pesticide use. However, increasing use in the developing nations and restrictions limiting domestic use should reduce the U.S. share.

U.S. producers provide about 98 percent of the pesticides used in this country. In addition, they export about one-third of their production in terms of active ingredients or one-fourth in terms of sales value.

Pesticide regulations continue to play an important role in pest control decisions. The Rebuttable Presumption Against Registration (RPAR) process, a major activity in re-registering currently registered products, is continuing but is far behind schedule. Approximately 85 products accounting for 35 to 40 percent of the farm insecticides are being reviewed. Also, 40 to 50 percent of the fungicides are being reviewed in this process.

Products for which the RPAR review process has been completed and regulatory actions specified include: DBCP (a soil fumigant), chlorobenzilate (a miticide), amatrax (a miticide-larvacide), endrin (an insecticide and pronamide (a herbicide). Some use restrictions were announced for these products.

Cancellation hearings are likely to begin soon on 2, 4, 5-T and silvex. Certain uses of these products were suspended on March 1, 1979.

## Farm Machinery Prices to Increase

Machinery prices, which were up an average of 10 percent in 1979, likely will increase at least as much in 1980. Production and distribution costs rose again in

## Prices Paid By Farmers For Machinery Increase

Item	Price as of September 15			Percent change	
	1977 <sup>a</sup>	1978	1979	1977-78	1978-79
		Dollars		Percent	
Tractors:					
2-wheel drive:					
50-59 hp. . . . .	10,200	11,200	12,300	9.8	8.8
110-129 hp. . . . .	23,700	25,900	29,000	9.3	12.0
4-wheel drive:					
170-240 hp. . . . .	45,500	50,100	57,100	10.1	14.0
Medium capacity combines. . . . .	36,100	41,000	44,900	13.6	9.5
Moldboard plows (5 bottom). . . . .	3,800	4,210	4,890	10.8	16.2
Disk harrows (16 foot). . . . .	4,800	5,080	5,600	5.8	10.2

1979. Wholesale prices for iron and steel used in farm machinery were 10 percent higher in September 1979 than a year earlier. Hourly earnings of workers in farm machinery production advanced 12 percent.

In September 1979, farmers paid an average of \$57,100 for a new 4-wheel drive tractor in the 170 to 240 horsepower range. This was \$7,000—14 percent more than they were paying a year ago. The average price of a new medium size combine in September 1979 was \$44,900, 9.5 percent over last year.

Despite increasing prices, farm machinery unit sales likely will be maintained at the high levels of the last year-and-a-half through 1979. Unit sales of some major machinery items in 1979 were up about 10 percent over 1978. January to July sales were up about 5 percent over the same period in 1978. Two-wheel drive tractor unit sales were up 7 percent in 1978 and 3 percent in the first 7 months of 1979 compared to the previous year. Sales of 4-wheel drive tractors were unchanged in the first 7 months of 1979.

Supplies of some machines, particularly large tractors and combines, could be tight because of a 3-week workers' strike against one of the major manufacturers and because of producers' and dealers' efforts to trim inventories.

Machinery purchases are closely tied to farm income. Purchases are delayed when incomes are down and stocks are replenished when incomes are up. The demand for machinery is likely to be maintained at about current levels for the remainder of this year. But, because of reduced income

prospects for 1980, demand may level off or even decline in 1980. Higher interest rates could also have a slight dampening effect on machinery demand.

## Record Fertilizer Use Expected Despite Higher Prices

Prices paid by farmers for nitrogen and potash fertilizer may average 15 to 18 percent higher in 1979/80 than a year earlier as a result of strong foreign and domestic demand and increasing production costs. The increases for anhydrous ammonia and urea will be near the top of the range. Those for potash materials will be closer to the midpoint. Prices of nitrogen solutions will be up the least, with increases near the lower end of the range. Spring 1980 phosphate prices could average 15 to 20 percent more than last year.

Nevertheless, fertilizer use is expected to reach a new record in 1979-80, assuming that farm commodity prices hold at or above the present level through the planting season. Use of each of the primary nutrients nitrogen, phosphate, and potash, is expected to be about 3 to 5 percent greater than in 1978/79. Nitrogen use may increase to about 11.1 million tons of active ingredient. Use of phosphate and potash is expected to be 5.8 and 6.2 million tons of P2O5 and K2O, respectively.

Supplies probably will be adequate, but there is more than usual uncertainty about the availability of certain fertilizer materials for the 1980 spring season. Transportation problems could prevent timely distribution, and ammonium phosphates, phosphoric acid, and ammonia could become scarcer.

Phosphate inventories are low because of brisk domestic and foreign demand. The production of phosphate fertilizer in the United

States cannot be expected to increase significantly until new plants are built. An increase in domestic use or exports would result in increasing tightness in the supply/demand balance for phosphate fertilizer in the coming spring.

International trade could significantly affect the quantity of nitrogen available for domestic use. The high cost of naphtha feedstocks to European and Japanese producers has already depressed their operating rates and may cause further reductions in their production of ammonia. There will be increased reliance on imports from other sources to replace the lost production. If reduced production in other countries is made up with U.S. exports, and if the level of ammonia prices is not high enough to encourage larger production in the United States, then supplies for domestic use also may become scarcer than expected.

Recently producers have been shipping fertilizers at a faster rate than a year earlier. Shipments of potash by U.S. and Canadian producers in 1979 July-August period were up 13 percent. Producers' shipments of nitrogen and phosphate were also larger.

Fertilizer production has increased this year, but inventories have been drawn down because shipments have increased faster than output. August inventories of U.S. and Canadian potash producers were 40 percent below year earlier levels. Nitrogen inventories at the end of June were the lowest since 1977. Producer stocks of phosphates were also reduced.

Export demand for several fertilizer materials continues strong. Substantial quantities have been moving overseas. In July-August 1979, exports of anhydrous ammonia, urea, and diammonium phosphate were larger than the same period a year earlier by 100, 32, and 11 percent, respectively. However, the increase in anhydrous ammonia exports was offset by increased imports. In August, the U.S. maintained a net import balance for anhydrous ammonia. Imports in the first 2 months of the current fertilizer year were 327,000 short tons; exports were 167,000 tons.

The U.S. had a net import balance for potash in 1978/79, but an export balance for nitrogen and phosphates. The same import-export picture probably will be maintained in the 1979/80 fertilizer year. Since domestic potash production will remain about the same as a year earlier, potash imports will increase by the amount that domestic consumption in 1979/80 exceeds year earlier consumption. The nitrogen trade balance could shift and slightly favor imports.

### Energy Prices To Rise

Petroleum price increases in agriculture have far exceeded the projected increase originally anticipated for 1979 at this time last year. In the year from September 1978, to September 1979, prices paid for gasoline by farmers increased 49 percent and prices for diesel fuel 73 percent. When weighted by seasonal consumption farmers spend 36 percent more for gasoline and 49 percent more for diesel fuel. In the 6-year period since the Arab oil embargo, prices paid by farmers have increased 163 percent for service station unleaded gasoline and 280 percent for diesel fuel.

These increases in the cost of fuel have resulted in higher production costs and in fuel representing a higher percentage of total variable costs.

The outlook for 1980 appears to be for still higher prices. Petroleum price increases have been announced by Mexico, Kuwait and British National Oil Company. The Organization of Petroleum Exporting Countries (OPEC), will be meeting soon to discuss price increases. Expectations are that the recent actions of Mexico and Kuwait, connected with selling of oil on the spot market, will be followed by a perhaps \$2.00 to \$3.00 per barrel increase in the average OPEC price. This increase will raise refined petroleum prices 3 to 6 cents per gallon.

If some OPEC price increase occurs and supplies are tightened by reductions in output from Saudi Arabia, a 33 percent increase in farm fuel prices over 1979 could be expected for 1980. With a higher OPEC price increases and higher actual oil prices above the official OPEC sales prices, a 40-percent increase over 1979 might occur.

### Average Price Paid By Farmers For Fuel<sup>1</sup>

Year	Unleaded <sup>2</sup> gasoline	Regular <sup>3</sup> gasoline	Diesel fuel
Dollars			
1973 . . .	.379	.331	.213
1974 . . .	.538	.447	.364
1975 . . .	<sup>4</sup> .585	<sup>4</sup> .535	<sup>4</sup> .407
1976 . . .	<sup>4</sup> .590	<sup>4</sup> .546	<sup>4</sup> .415
1977 . . .	.618	.578	.457
1978 . . .	.668	.612	.467
1979 . . .	.998	.905	.810

<sup>1</sup> September 15 of each year. <sup>2</sup> Purchases at service stations. <sup>3</sup> Bulk delivery to farm. <sup>4</sup> October 15 for 1975 and 1976. Prices were reported quarterly in those years.

### Ban on Drug Use in Animal Feed Assessed

Restrictions on the use of growth inducing drugs in animal feed would initially decrease production and increase farmers' costs and consumer prices, but by the fifth year these economic disadvantages would recover to their prerestriction levels, according to a recent USDA report.

By using small doses of drugs in animal feed to hold production costs down, farmers reduce the risk of animal disease outbreaks, and improve feed efficiency and animal growth rates. But such use may endanger human health, according to the Food and Drug Administration (FDA).

FDA has linked the development of resistant strains of certain organisms to the overuse of antibiotics, presenting a possible human health hazard. Some bacteria in swine, for example, have developed a resistance to penicillin, streptomycin, sulfonamides and tetracyclines. The resistant strain could possibly be transferred when the meat is eaten, making the use of these antibiotics potentially less effective in treating humans.

Single free copies of "Economic Effects of a Prohibition on the Use of Selected Animal Drugs" (AER-414) are available from ESCS information, Room 0054-S, USDA, Washington, D.C., 20250.



## Commodity Highlights

**Beef Cattle:** The inventory of cattle and calves on farms and ranches Jan. 1, 1980, is expected to show an increase over the year-earlier inventory, marking the upswing of the next cattle cycle, and the end of a 4-year liquidation phase of the last cycle. Cattle numbers declined 16 percent during this period compared with decreases of 6 and 1 percent, respectively, for the cycles during the 1950's and 1960's.

Some of the inventory gain this year came from a decline in placements of cattle on feed during the third quarter—some of which would have gone to slaughter in the fourth quarter. The number of steers and heifers outside feedlots approximated year-earlier levels on October 1.

Beef production is forecast to decrease in the first quarter of 1980, remaining below this year's level. Production likely will decline seasonally in the second quarter but could show the first year-to-year increase since the spring of 1977.

Choice steer prices are expected to average \$66 to \$68 per hundredweight in the fourth quarter before increasing in the first quarter of 1980 as production decreases.

Beef prices this fall and early next year will be held down by near-record total red meat and poultry supplies.

**Hogs:** Slaughter is expected to continue near record levels through the first half of 1980. The September 1 inventory of heavy market hogs in the 14 major producing States was up 19 percent from a year ago and the inventory of light market hogs was up 16 percent. The majority of the heavy market hogs will reach market weight during October-December, so slaughter for this period may be up a fifth. The light market hogs will reach market weight during January-March. Sow and gilt slaughter during January-March is expected to exceed year-ago levels and may help boost slaughter about 20 percent above a year earlier.

Hog slaughter during April-June of 1980 will be drawn mainly from the September-November pig crop. Producers indicated they plan to increase farrowings during this period by 13 percent from a year earlier. Slaughter may be up by a similar percentage.

The high rate of hog slaughter will continue to put downward pressure on prices, which may average in the low-to-mid \$30's during the first half of 1980.

**Poultry:** Total chicken and turkey meat production is expected to remain above year-earlier levels through the first half of 1980. However, output could drop below 1979 levels in the second half. Turkey production will remain strong throughout the year, while broiler producers likely will respond to lower prices and sustained losses by cutting production to levels below a year earlier.

The sharp increases in broiler and turkey production this year and the increasing availability of pork caused broiler prices to drop sharply this summer and fall. Wholesale broiler prices in 9 cities averaged 40.8 cents a pound during the third quarter, down 7 cents from the second quarter and 6 cents from the same period of 1978. Prices likely will average in the upper 30-cents-per-pound range during the remainder of the year and throughout the first half of 1980. Prices in the upper 30-cent-level in the first half of 1980 would be 8 to 10 cents below year-earlier levels.

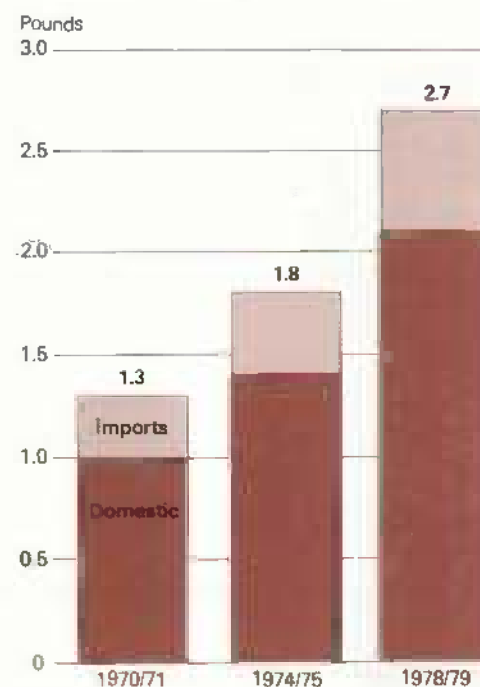
Turkey prices have declined from the relatively high levels of late 1978 and early

this year. Third-quarter wholesale prices for 8 to 16-pound young hen turkeys in New York averaged about 63 cents a pound, down 14 cents from the fourth quarter of 1978 and 7 cents from early in this year. Prices this fall have shown unexpected strength and will average in the mid-to-upper 60's. As production continues above year-earlier levels during the first half of 1980, prices will decline and average well below the first half of this year. Even so, net returns to turkey producers for consumer sized birds likely will remain near the break-even level.

With lower wholesale prices of broilers and turkeys, retail poultry prices during the first half of 1980 should be down from the high levels of this year.

Egg production in the first half of 1980 is expected to run slightly above this year. With generous supplies of other protein foods and a weak economy, prices to producers will be below early 1979 levels. This, combined with higher feed prices, will squeeze producers' net returns in the first half, with losses likely in the seasonally weak period in the spring.

### Mushroom Use Per Capita Doubles \*



\* Fresh weight basis.



**Dairy:** Milk production in 1979 will be about 1 to 1-1/2 percent above the 1978 total of 122 billion pounds, primarily due to strengthened output during the second half of the year. Production increases should continue into 1980, with first-half output expected to be about 1 to 1-1/2 percent above this year. For all of next year, milk output could exceed this year's total by about 1 percent. Milk-feed price relationships should continue to be relatively advantageous to dairy farmers during 1980, although not as favorable as this year.

For 1979, farm milk prices will average about 14 percent more than last year's \$10.58 per hundredweight. Increased milk production and relatively large commercial stocks of dairy products will moderate the year-to-year rise in prices for the fourth quarter of 1979 and into early 1980. If farm prices rise as anticipated in 1980, they should average 9 to 11 percent more than this year.

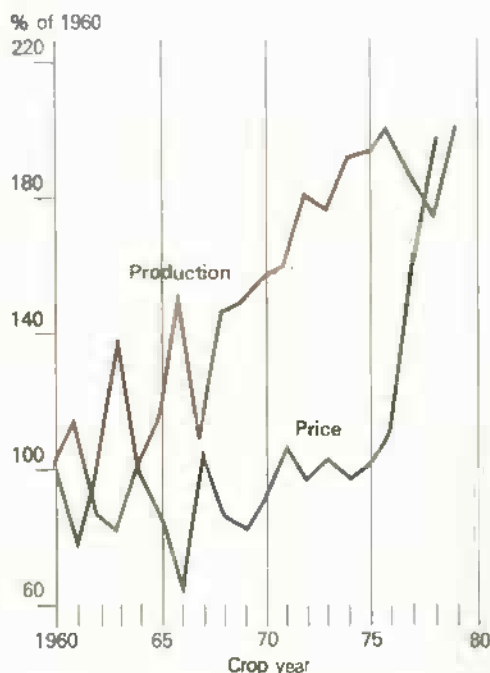
Average retail prices of dairy products in 1979 will post an increase of around 11 percent from 1978. Retail dairy product price hikes are expected to continue in 1980, but at slower rates than in 1979.

If sales of dairy products during the last 4 months of 1979 match last year's levels, as expected, total commercial use would exceed 120 billion pounds and would top last year's record by about 1 percent. Commercial utilization of dairy products in 1980 should be at or near 1979 levels, but could be greater if the impacts of the expected recession are less severe than now anticipated.

**Soybeans:** Record high acreage and yields this year mean a soybean crop of 2.2 billion bushels, up 18 percent from 1978. Adding the September 1 carryover of 173 million bushels increases the total 1979/80 soybean supply to 2.4 billion bushels, compared with 2.0 billion bushels last season.

With record supplies and lower prices, total soybean use should expand to around 2.0 billion bushels, 8 percent above last season. Both domestic crushings and exports will probably increase in 1979/80, although not nearly as much as supply. Consequently, carryover stocks next September are expected to be more than double the quantity on hand this past September.

## Citrus Fruit Production Recovers



Production of all citrus fruits. Season average growers' price weighted by production. 1979 preliminary.

The record harvest is putting heavy pressure on soybean prices this fall. Transportation problems have resulted in a wider than normal price spread between farm and Chicago prices. A post harvest price increase is possible with the demand for soybeans continuing strong. The extent of any price rise will be influenced by the size of the 1980 South American soybean crop, and whether China enters the world market. Another factor could be the U.S. farmer's willingness to withhold soybeans from the market. Producers can use Government loans as a source for relatively low-cost financing while awaiting market developments. The loan rate for 1979 soybeans is \$4.50 per bushel and the 1979/80 season average farm price for soybeans is estimated at about 7 percent below last year's \$6.75.

Soybean crushings should total around 1.1 billion bushels, compared with the 1.0 billion processed in 1978/79. This rise mainly reflects the prospective increase in soybean meal feeding because of lower prices and higher livestock production, especially hogs.

Soybean exports in 1979/80 are projected at around 0.8 billion bushels, or 10 percent more than the 753 million shipped last season. Slightly lower U.S. prices and increased meal and oil demand overseas will provide the impetus, despite increased competition from South American soybeans and meal during April-August 1980.

Increased overseas demand for protein meals in 1979/80 is expected in both Western Europe and Japan as hog and poul-

try feeding continues to expand. Also, the USSR is expected to import about 1 1/2 million metric tons of soybeans this marketing year, up slightly from 1978/79. The Soviets have become a regular importer of U.S. soybeans, reflecting improved livestock feeding practices and reduced sunflower crops.

**Cotton:** U.S. cotton exports during 1979/80 are likely to reach 6.5 million bales, 0.3 million above 1978/79. This would be the highest level of exports since 1960/61. The strong demand for U.S. cotton stems from improved foreign mill use prospects and a slight deterioration in foreign production prospects this fall. Foreign mill use will probably exceed 1978/79's record 56.5 million bales. Although foreign cotton production is still expected to increase around 0.5 million bales over 1978/79, low carry in stocks have maintained demand for U.S. cotton. The 1979/80 U.S. export commitment—shipments plus outstanding sales was 5.1 million bales on September 30, over 75 percent of projected exports for the season.

In contrast to the export outlook, domestic mill use is expected to decline in 1979/80 to 6.2 million bales from 6.4 million in 1978/79. Although cotton prices are currently more competitive with polyester staple than in previous months, and export demand for U.S. cotton textile products is unusually strong, adverse domestic economic conditions are likely to more than offset these factors.

So, although projected U.S. cotton disappearance—12.7 million bales—is the highest since 1973/74, the large crop being harvested this fall will result in a sharp increase in stocks during the season. Based on October 1 conditions, production is forecast at 14.4 million bales, 32 percent above the 1978/79 crop. Domestic cotton stocks on August 1, 1980 could, therefore, be around 5.7 million bales, compared to a beginning level of 4 million.

The October 15 farm price for cotton fell to 56.7 cents a pound, nearly 3 cents less than October a year earlier.

**Wheat:** U.S. wheat producers harvested a 1979 crop of 2.11 billion bushels, 18 percent more than last year and the second largest crop on record.

World wheat trade will probably hit an all-time high during the current year mainly because the world wheat crop, excluding the United States, could be down as much as 12 percent while use continues upward. This could lift U.S. wheat exports to around 1.4 billion bushels, considerably above the 1.2 billion shipped 6 years ago.

Expectations of record demand have held market prices at their highest level in 5 years. Farm prices of around \$4 a bushel are common in many areas. The season's average farm price is estimated between \$3.60 and \$3.90 a bushel—up from \$2.94 in 1978/79 and \$2.23 in 1977/78.

Because the 1979/80 world wheat outlook indicates strong demand, reduced world production, and drawdown of stocks, there will be no wheat set-aside program in 1980.

**Feed Grains:** Feed grain prices in the 1979/80 marketing year likely will average higher than last year even though 1979 crop production and the feed grain supply for 1979/80 are records. Domestic use is expected to increase moderately, mainly because of continued heavy livestock and poultry feeding. Exports will probably be substantially larger than the record 60 million metric tons in 1978/79. Domestic use and exports together should total around 228 million metric tons. This would be the largest disappearance in any marketing year, and exceed the 1979 record crop production. Stocks would be drawn down moderately by the end of the marketing year, the first reduction in feed grain carryover in 5 years.

The October 1 forecast of the corn crop was 7.39 billion bushels, 4 percent larger than last year's record. Total feed grain production (corn, sorghum, oats, and barley) is forecast at 224 million metric tons, 3 percent more than last year's record.

This year's crops plus the large carryover stocks make the feed grain supply for 1979/80 about 271 million tons, the largest on record. Domestic use of feed grains in 1979/80 will be about 157 million metric tons, 3 percent more than last year and near the 1972/73 record. Exports are projected at about 71 million metric tons, 18 percent

more than last year's high mark. World grain production outside the United States in 1979/80 is moderately below the 1978/79 output.

Corn prices at the farm likely will average \$2.35 to \$2.65 per bushel in 1979/80, compared with \$2.20 last year.

**Fresh and Processed Vegetables:** Bountiful supplies of both fresh and processed vegetables will dampen price rises for those items this fall and winter. Supplies of fresh vegetables for 1979 will be 3 to 4 percent larger than last year's total, assuming average yields. There will also be moderately larger quantities of processing vegetables which will provide 10 percent more canned and frozen vegetables for the 1979/80 marketing year.

In response to larger supplies, prices to fresh vegetable growers and throughout the marketing system will average lower than last year. Seasonal advances in grower prices will remain below the 1978/79 level. Retail prices for processed vegetables will remain near or moderately above year-earlier levels because of increased processing and marketing costs.

For the fall quarter, larger supplies of fresh snap beans, carrots, celery, sweet corn, eggplant, escarole-endive, green peppers, and spinach will be available. Among the processing vegetables, green lima beans, snap beans, green peas, winter spinach, and tomatoes will be plentiful. Supplies of canned tomatoes and tomato products will be especially heavy and promotional allowances are likely.

The fall potato crop is estimated at 300 million hundredweight, moderately below last year's record harvest. Potato prices have been very low throughout the 1978/79 marketing year as large crops of spring and summer potatoes continued to exacerbate the effects of last year's record. Average grower prices should rebound this fall to somewhere in the \$3.25-\$3.50 per cwt. Range as the smaller crop will be met with fairly strong demand in both the fresh and processing markets. Although stocks of frozen potatoes are large, the export market for frozen french fried potatoes continues to expand rapidly, stimulated by purchases for western style institutional and fast food outlets in Japan and other Pacific markets.

Mushroom production in the United States set another (each record is a new one) record in 1978/79, moving up to 452 million pounds, 13 percent larger than the previous crop. Pennsylvania produced 47 percent of the U.S. total. Despite the larger crop, grower prices for fresh mushrooms reached 90 cents per pound, also a record. The burgeoning use of fresh mushrooms indicates that prices likely will remain close to these high levels throughout the 1979/80 marketing season. There is some indication that prices for processed mushrooms may weaken this year.

A 4-percent larger crop of dry edible beans for the 1979/80 marketing year indicates prices will decline seasonally this fall and remain below year earlier levels throughout the marketing season. Prices for dry peas and lentils will average moderately higher this year, following the low price patterns occasioned by the 1978 bumper crop.

**Record Citrus Crop Foreseen:** The first estimate of the 1979/80 citrus crop indicated a record 15.2 million tons (excluding California grapefruit, other than desert grown), almost 15 percent above 1978/79. Larger crops are currently expected for all citrus in Florida, which will account for 78 percent of all 1979/80 citrus production.

The October 1 estimate points to a U.S. orange crop of 11.1 million tons, 22 percent greater than last year's crop and 5 percent above the previous record set in 1976/77. In Florida, all orange prospects are placed at a record 200 million boxes, 22 percent above the record set in 1976/77. In Florida, orange prospects are placed at a record 200 million boxes, 22 percent above last season. In California, the crop is forecast at 49 million boxes, an increase of almost a third from last season's freeze-damaged crop, with Navel and Valencia production up 25 to 40 percent, respectively.

With a record crop in prospect, orange prices received by growers for the 1979/80 season are expected to average lower than last season's high levels. A record orange crop in Florida combined with larger carryover stocks of frozen concentrated orange juice in prospect definitely will put downward pressure on grower prices. Larger supplies of fresh oranges from California could add more price-depressing impact.

Grapefruit prospects for the 1979/80 season (excluding California's "other areas") point to a 63.7-million-box crop, 1 percent

less than last season because of a sharply smaller Texas crop. The smaller crop in prospect and good processor demand may result in higher prices for grapefruit during the 1979/80 season. Carryover stocks of most processed grapefruit products are down going into the 1979/80 season. Consumption of both chilled and frozen concentrated grapefruit juice has shown good growth patterns in recent years. However, the record orange crop could exert some pressure on grapefruit prices.

The Arizona-California lemon crop is forecast at 18.3 million boxes, 6 percent below last season's freeze-damaged crop and 30 percent less than the 1977/78 crop. With the smaller crop in prospect, grower returns for lemons are expected to remain relatively close to last season's high levels.

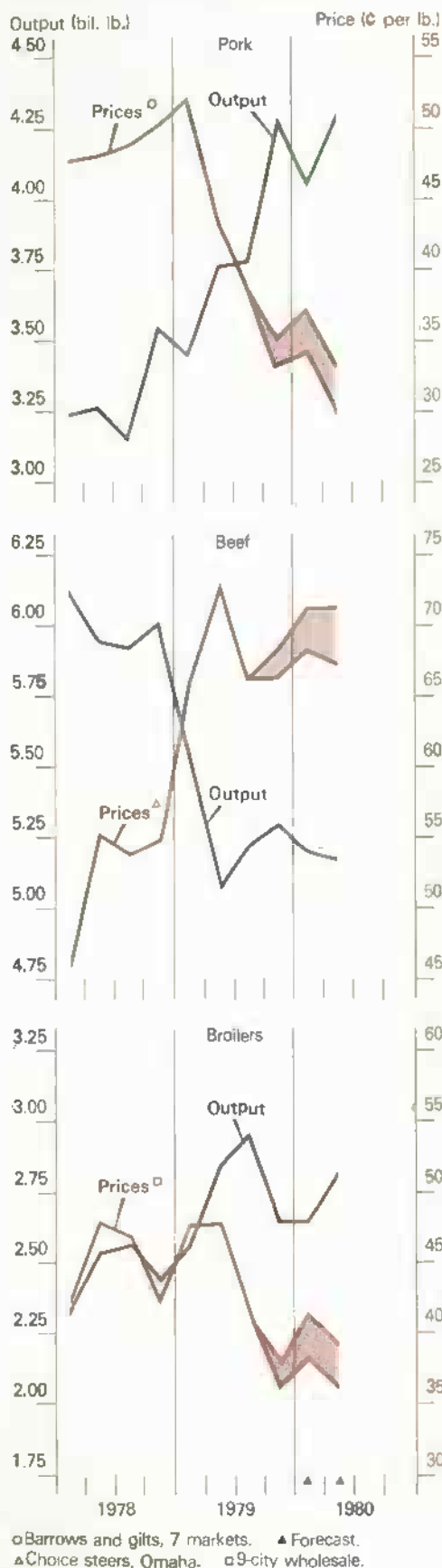
The 1979 noncitrus fruit crop is forecast at 12.2 million tons, almost 4 percent above 1978 and 8 percent larger than 1977. Larger crops were estimated for all fruits, except apples and tart cherries. The apple crop is estimated at 7.58 billion pounds, 1 percent smaller than last year's record crop. Shipping point f.o.b. prices for apples are moderately higher than last year. Supplies for fresh market may be smaller this season since the crop is smaller and processor demand is good.

The 1979/80 pack of most processed noncitrus fruit will be above that of a year ago, but total supplies will not increase appreciably because of smaller carryover stocks. Prices for most canned fruit this fall and winter will remain relatively firm because of higher costs of raw products and increased marketing and processing costs. Total supplies of frozen fruit and berries could be smaller and prices for these commodities will escalate along with canned fruit items. In contrast, sharply larger available supplies of raisins this season point to substantially lower prices.

**Sugar:** Sugarbeet production is forecast at 22.3 million short tons (20.2 million metric tons), up 2 percent from the September forecast, but 13 percent less than the 1978/79 crop. The decline from last season results from 12 percent less acreage and an average yield of 19.9 tons per acre, compared with 20.3 tons last year. U.S. sugarcane production for sugar and seed is forecast at 27.1 million tons (24.6 million metric tons), up 1 percent from the September forecast and 5 percent above the 1978/79 production. Average sugarcane yield per acre is estimated at 37.0 tons compared with 35.1 tons in 1978/79.

Assuming normal sucrose recovery rates, the 1979/80 U.S. beet sugar output could be

### Stronger Livestock Prices Likely



about 2.9 million tons (raw value—rv), down 11 percent from 3.25 million last season. Cane sugar output on the basis of a lower and more normal sucrose recovery rate, is estimated to remain at last season's 2.6 million tons.

U.S. imports of sugar during January-July 1979 totaled 2.98 million short tons (rv equivalent), up 34 percent from the same period a year ago. Imports this year are returning to a more normal level of between 5 and 5.5 million tons needed annually to supplement domestic output. Per capita refined sugar use in calendar 1979 seems likely to average under 91 pounds, about 2 pounds less than last year.

Wholesale and retail refined sugar prices have been relatively stable in the first half of 1979, rising less than 2 percent. However, faster increases in the world price for sugar are adding pressure for higher domestic prices. The world price for raw sugar, Caribbean basis, rose from 9.09 cents a pound in August to 9.80 cents in September, resulting in a reduction in the import fee for the calendar quarter beginning October 1. The world price rose to an average of 11.19 cents a pound, or 16.66 cents a pound, New York basis, for 10 consecutive market days during October 1-12, triggering an intra-quarter import fee adjustment from 1.76 cents a pound to 0.76 cents, effective October 18. A continued rise in the world price could eliminate the import fee altogether before the year is out.

**Tobacco:** Despite higher prices for this season's tobacco crop, reduced production is bringing the value of the 1979 crop about 8 percent lower than the record income from the 1978 crop. The forecast is down 17 percent from 1978, and this would be the smallest crop since 1957.

USDA will announce the national flue-cured quota for 1980 and yield goal by December 1. Marketing quotas for burley and other kinds will be announced by February 1. Indications are that the price support level for various kinds of tobacco will rise 9 percent in 1980.

Prospects are for U.S. leaf exports to decline slightly in the current marketing year. Domestic use will do well to hold its own because U.S. cigarette output is gaining 1 to 2 percent annually. Domestic cigarette consumption has stabilized, but cigarette exports continue to rise at a brisk pace.





## World Agriculture and Trade

U.S. agricultural exports rose 17 percent to a record \$32 billion for the fiscal year ending September 30. Three-fourths of the value increase stemmed from higher prices. Export volume rose 4 percent to 137.5 million metric tons.

The U.S. agricultural trade surplus widened to about \$15.8 billion—helping offset a deficit in nonagricultural trade. The total U.S. trade balance showed an improvement of \$7.6 billion in fiscal 1979, although there remained a deficit of about \$27 billion.

Substantial value gains in agricultural exports were achieved in all major areas except South Asia and North Africa, where a sharp reduction in wheat sales to Morocco caused the decline. The sharpest increases were in China, Eastern Europe, Latin America, Japan, and the developing countries of East and Southeast Asia.

Fiscal 1979 exports of all major export commodities were up in value, with the largest increases coming in feed grains, soybeans, wheat, and cattle hides. Feed grain exports rose 17 percent in value to \$6.7 billion with the volume of exports up 7 percent to 59.5 million tons. Much of the 16 percent rise in the value of soybean exports to \$5.4 billion resulted from higher prices, as the export volume rose 3 percent to 20.2 million metric tons.

Prospects for U.S. agricultural exports point to further gains in fiscal 1980, with

exports likely to total \$38 billion. Export volume is expected to increase about 16 percent—much of the increase will come from expanded shipments to the Soviet Union. In addition, export prices will probably average higher in 1979/80, perhaps by 7 percent over the previous year.

### World Economic Growth to Slow

Economic activity in 1980 is projected to show smaller growth rates in all major developed countries, while inflation and unemployment rates are likely to rise or remain fairly stable relative to 1979 levels. Growth in most major developed countries may slow to around 2 or 3 percent next year, based on a number of official and private forecasts. Exceptions include the United States and the United Kingdom, where the forecast rate of increase is barely positive, and Japan, where growth is forecast between 4 and 6 percent.

Concern about continued high inflation and the continuing U.S. trade deficit caused the dollar to fall against several major European currencies in recent months. The strength of the German mark caused it to be revalued against the other currencies in the European Monetary System. Other reactions to the weakening of the dollar have been the sharp rise in gold prices and the raising of the U.S. discount rate by the Federal Reserve System. The dollar continues to strengthen against the yen, reflecting the expected continuing erosion of Japan's trade surplus.

The cost of U.S. dollars to major agricultural markets has changed little in recent months, but it is 7 percent above the October 1978 low.

For U.S. wheat markets—mostly the developing countries and Japan—the dollar has risen in value by over 20 percent from September 1978 to September of this year. Movements in the indices for soybeans, cotton, and corn have been much smaller, because dollar appreciation against the yen has been largely offset by dollar depreciation against many European currencies.

### Energy Prices Will Rise Further

The world oil market remains unstable and unpredictable. In spite of the existence of ample world stocks of petroleum products, prices for crude continue to be pushed upward. Uncertainty about Iran's ability to keep production levels up, coupled with expectations that OPEC will raise price ceilings in December, have combined to produce a sellers' market. Spot prices are around \$40 a barrel and Iran, Libya, and Kuwait have been able to raise contract

prices by more than \$2 per barrel above the \$23.50-per-barrel ceiling set by OPEC in July in advance of the meeting of OPEC ministers scheduled for December. Saudi Arabia appears to prefer to avoid increases even in December, but it is already producing at maximum sustainable capacity, and can no longer influence the market by increasing production. A serious recession in industrialized countries would reduce these price pressures.

### World Meat Production May Increase

Total world meat production will show a small increase this year and in 1980 as gains in pork and poultry offset declines in beef output. The beef herd has been declining in many regions of the world for the past several years. However, indications point to the end of liquidation in most countries later this year or early 1980. With the liquidation ending and the beef herd rebuilding, output of beef and veal will continue down in 1980.

Pork and poultry output has expanded for several years in most regions and will continue to expand in 1980. However, the rate of gain in many regions will be smaller than it was during the past 3 years. The U.S. output of pork will increase sharply but poultry could be down. In the European Community, poultry is expected to show only a small increase, but pork may decline. A return to more normal growing conditions for grains in 1980 in the Soviet Union and Eastern Europe will enable an increase in pork and poultry output greater than this year.

The 1979/80 world grain supply situation has tightened further in the past month. Grain production abroad is likely to decline about 7 percent this year. Foreign grain utilization is expected to increase marginally and foreign stocks are likely to be drawn down sharply. Despite a 6-percent increase in U.S. production to a record 288 million tons, world grain stocks in 1979/80 are expected to decline 17 percent to around 189 million tons. Stocks will equal 13 percent of utilization, versus 16 percent last year and 12 percent during the relatively tight 1973-75 period.

The anticipated 62-million-ton decline in USSR production from last year's 237 million record accounts for most of the deterioration in the world grain situation. Indian grain production is expected to decline about 17 million tons, and shortfalls are also expected in Western Europe, Eastern Europe, Canada, and Australia. However, the exportable supply situation in the major competitive countries has improved somewhat since September.

U.S. agricultural exports by commodity group—total, EC-9  
Greece, Spain, and Portugal, FY 1978

Commodity group	Total (A)	EC-9 (B)	Greece (C)	Spain (D)	Portugal (E)	B/A	Component share		E/A
							C/A	D/A	
	Million \$						Percent		
Grains & preparations . . . . .	10,905.3	1,465.4	105.6	215.4	242.1	13.44	0.97	1.98	2.22
Wheat & products . . . . .	4,138.7	237.0	0.3	12.8	49.7	5.73	0.01	0.31	1.20
Feed grains & products . . . . .	6,746.0	1,155.5	105.2	201.2	182.7	20.11	1.83	3.50	3.18
Animals & animal products . . . . .	2,818.8	624.2	6.2	40.4	5.7	22.14	0.22	1.43	0.20
Animals—live ex. poultry . . . . .	137.5	28.7	0.8	0.2	0.1	20.87	0.58	0.15	0.07
Meats & meat products . . . . .	687.6	196.9	0.3	0.9	0.1	28.64	0.04	0.13	0.01
Poultry & poultry products . . . . .	331.8	36.1	1.4	2.0	0.2	10.88	0.42	0.60	0.06
Dairy products . . . . .	155.3	3.1	0.1	0.2	-	2.00	0.06	0.13	-
Fruits & preparations . . . . .	976.5	173.7	0.6	2.0	-	17.79	0.06	0.20	-
Fresh . . . . .	530.7	54.3	-	-	-	10.23	-	-	-
Canned . . . . .	114.4	-	0.5	-	-	-	0.44	-	-
Nuts & preparations . . . . .	287.7	143.7	0.3	6.8	-	49.95	0.10	2.36	-
Vegetables & preparations . . . . .	648.9	95.8	2.8	4.2	0.5	14.76	0.43	0.65	0.08
Feeds, fodders—ex. olicake . . . . .	574.8	350.9	4.7	0.4	0.2	61.05	0.82	0.07	0.03
Oilseeds & products . . . . .	7,450.7	3,048.3	26.9	433.1	107.9	40.91	0.36	5.81	1.45
Tobacco, unmg. . . . .	1,131.8	453.7	0.2	26.2	-	40.09	0.02	2.31	-
Cotton—ex. lint . . . . .	1,693.7	112.5	12.4	20.5	22.4	6.64	0.73	1.21	1.32
Other . . . . .	818.0	183.2	1.7	5.8	0.8	22.40	0.21	0.71	0.10
Total . . . . .	27,306.2	6,651.4	161.4	754.8	379.6	24.36	0.59	2.76	1.39

Source: U.S. Foreign Agricultural Trade Statistical Report, Fiscal Year 1978, ESCS/USDA, September 1979.

- = less than \$50,000.

- - = not calculated.

- - - = no trade reported.

Comparisons Among The EC-9, Greece, Spain, & Portugal

Item	Year	Unit	EC-9	Greece	Spain	Portugal
Population . . . . .	1977	Million	259.2	9.3	36.7	9.8
Labor force . . . . .	1977	Million	101.7	(3.2)	12.4	3.8
Agricultural labor force . . . . .	1977	Percent	8.2	(28.4)	20.9	32.5
Gross domestic product (GDP) . . . . .	1977	\$ Billion	1,575.9	25.8	115.6	17.0
GDP per capita . . . . .	1977	\$	5,780.0	2,784.0	3,152.0	1,739.0
Agricultural contribution to GDP . . . . .	1976	Percent	4.7	16.0	8.7	11.9
(1976 for Spain and Portugal)						
Area of agricultural land . . . . .	( <sup>1</sup> )	Mill. Hectare	87.4	3.5	45.4	4.8
Number of agricultural holdings . . . . .	( <sup>1</sup> )	Million	5.1	0.81	1.9	0.5
Average farm size . . . . .	( <sup>1</sup> )	Hectares	17.2	4.3	23.4	9.8
Index of agricultural production . . . . .	1977	1961-65=100	126.0	147.0	161.0	97.0
Portion of agricultural output from:						
Livestock . . . . .	1976	Percent	59.0	31.0	41.0	35.0
Grains . . . . .	1976	Percent	11.0	13.0	11.0	12.0
Fruits & Vegetables . . . . .	1976	Percent	12.0	14.0	26.0	22.0
Other . . . . .	1976	Percent	18.0	42.0	22.0	31.0
Total agricultural exports . . . . .	1977	\$ Million	44,108.6	977.1	2,026.4	265.7
EC . . . . .	1977	Percent	68.4	44.2	60.2	47.2
US . . . . .	1977	Percent	4.2	3.9	8.6	11.9
Other . . . . .	1977	Percent	27.4	51.8	31.1	40.9
Agricultural exports as proportion of total exports . . . . .	1977	Percent	11.6	35.9	19.8	13.1
Total agricultural imports . . . . .	1977	\$ Million	67,039.7	749.7	3,161.4	1,094.7
EC . . . . .	1977	Percent	43.7	24.8	10.4	10.1
US . . . . .	1977	Percent	11.1	15.5	25.8	33.6
Others . . . . .	1977	Percent	45.2	59.7	63.8	56.3
Net agricultural trade balance . . . . .	1977	\$ Million	-22,931.1	227.4	-1,135.0	-829.0

<sup>1</sup> Greece—1971; Spain—1972; Portugal—1968; EC-9—1975. Holdings of less than one hectare are excluded.

Sources: OECD, EC Commission, United Nations, and ESCS/USDA.

World trade of wheat and coarse grains is likely to increase 11 percent to 180 million tons in 1979/80. U.S. exports are expected to rise by 20 million tons—about 2 million tons larger than the net increase in total trade. The USSR will take the bulk of the increase in grain imports, with Japan, Western Europe, and Eastern Europe also increasing their purchases. Imports by China and other countries are likely to decline.

World protein meal production is forecast to increase 13 percent in 1979/80, following a 6 percent gain in 1978/79. With a substantial increase in U.S. soybean production, the United States will account for about three-fifths of the expected increase in world meal production. Indian peanut production is expected to be down by 10 percent because of late and erratic monsoon activity. Overall, the increase in world oilseed production suggests a substantial increase in stocks and considerable downward pressure on prices this year, especially if Southern Hemisphere soybean production rebounds.

Continued expansion in world consumption of high protein meals is expected in 1979/80. However, the fallback in real economic growth in our major export markets and a much slower rate of increase in foreign livestock production may dampen the demand for protein meals in most developed countries.

World cotton production for 1979/80 is forecast at 63.8 million bales, a 7-percent increase from last season's 59.8 million. U.S. production for 1979/80 is forecast at 14.4 million bales, up substantially from last year's 10.9 million, and should account for most of the increase in world output. Foreign production for 1979/80 is estimated to be up 1 percent with primary increases in the USSR, Pakistan, and Brazil.

World cotton consumption in 1979/80 is clouded by uncertainty over the extent of the world economic slowdown. World cotton consumption in 1979/80 may increase about 1 percent to slightly over 63 million bales. U.S. cotton use may decline slightly from a year ago to 6.2 million bales in 1979/80, and foreign consumption may increase about 1 percent, compared with 1978/79's 3 percent increase.

U.S. cotton exports for 1979/80 are expected to reach 6.5 million bales, an increase of 500,000 bales over last month's forecast and up more than 300,000 bales from 1978/79. Deterioration in production prospects during recent months in China and India, revised foreign mill consumption, and the low level of foreign stocks have boosted prospects for U.S. cotton exports in 1979/80.



## US-USSR Grain Trade Important to Both

The links between the U.S. and Soviet agricultural economies have steadily grown closer during the seventies as demonstrated by grain trade between the two countries. This will be a big year in that trade and may foreshadow continued interdependence during the 1980's. Curiously enough, this interdependence has been spurred by Soviet insistence on rapidly expanding livestock production despite the persistent inability of Soviet agriculture to provide an adequate supply of feed grains. As Soviet demand for feed grains has expanded, the U.S. has been an able supplier, particularly during poor Soviet grain harvest years. The U.S. should continue to play a vital role in bridging Soviet grain production shortfalls.

In 1979/80<sup>1</sup>, the USSR is expected to import 32.5 million tons of grain, with the U.S. supplying about two-thirds of it.<sup>2</sup> Exports to the USSR will probably represent about 20 percent of total U.S. grain exports in 1979/80, reducing the U.S. trade balance deficit by about \$3 billion. Clearly the Soviets will be the largest single U.S. grain customer in 1979/80 with the U.S. supplying more than 10 percent of the USSR's estimated grain utilization (excluding

dockage-waste).<sup>3</sup> Without U.S. grain the Soviets would be forced to liquidate substantial animal inventories and abandon many important livestock production goals. Therefore, it is fair to say that this year the USSR is as important to the well-being of U.S. agriculture as the U.S. is to Soviet agriculture.

The Brezhnev administration is faced with large grain imports quite simply because Soviet agriculture has not been able to provide enough feed grains to expand the livestock base at needed levels. In addition, the livestock sector has not significantly improved its feed-conversion performance, which makes additional livestock production gains costlier than planned.

Soviet agricultural performance had been quite impressive during the sixties, but now appears to be straining under the goals and constraints imposed by Moscow. The fundamental goal of Soviet agriculture is, and has traditionally been, to raise per capita meat

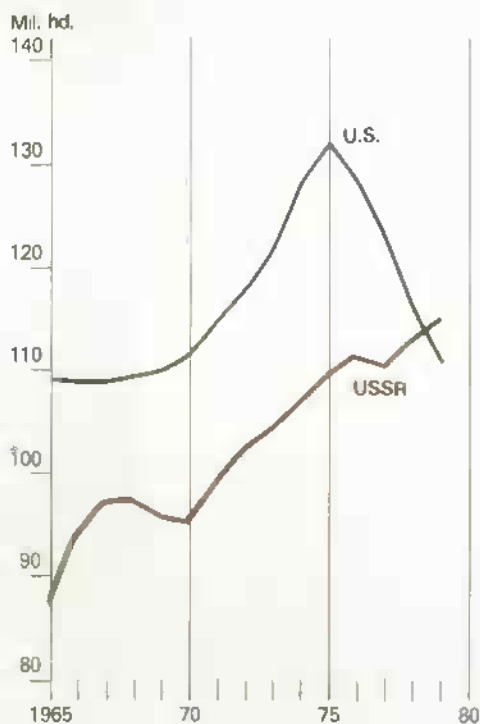
<sup>1</sup> All references to marketing years are July/June. <sup>2</sup> Foreign Agriculture Circular, FG-16-79. <sup>3</sup> Soviet grain production is expressed in terms of "bunker-weight"—that is grain as it comes from the combines and thus contains varying amounts of moisture and trash. A dockage-waste estimate reduces "bunker-weight" grain to a clean useable standard. \*Selskoye khozyaistvo SSSR (Moscow: Gosstatizdat, 1960), pp. 31-32. <sup>4</sup> Izvestiya, July 4, 1978, p. 1.



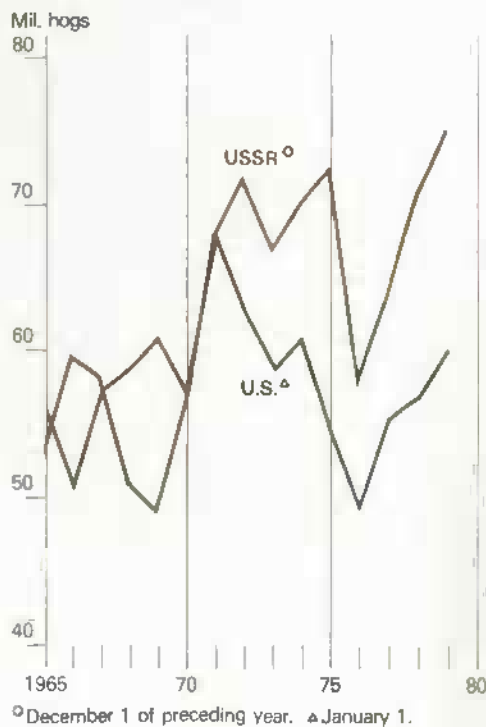
consumption to West European and U.S. levels. In December 1958, then-Soviet-leader Nikita Krushchev bluntly set a meat production goal of 20-21 million tons to equal the U.S. per capita meat consumption level, while envisioning a level of 16 million tons by 1965.<sup>4</sup> Fully 20 years later, in 1978, the Soviets produced just 15.4 million tons of meat.

Grain production in the USSR has increased by two-thirds since the latter half of the 1950's. Deliveries of mineral fertilizer to agriculture increased more than 600 percent since 1960, aiding an increase in the Soviet livestock feed base. The Soviets now have more cattle and hogs on farms than the U.S., yet the USSR's total 1979 grain crop is forecast to be less than the U.S. corn crop alone. If the Soviet "bunker-weight" production figures are corrected for estimated excess moisture and trash, the Soviet total grain crop would be almost 20 percent less than the U.S. corn crop. Another problem is that Soviet grain is relatively low in energy content, with corn representing less than 5 percent of total grain production. Also, the amino acid structure of Soviet feed rations are deficient because available protein cannot be fully utilized.

#### USSR Cattle Numbers Now Larger than U.S.



#### USSR Hog Numbers Exceed U.S.



While the Russian private sector holds about one-fifth of all cattle and hogs, it is restrained by law to only one cow and one brood sow per household. Such structural production inefficiencies retard growth and put additional strain on the socialized sector to carry the entire burden of production goals.

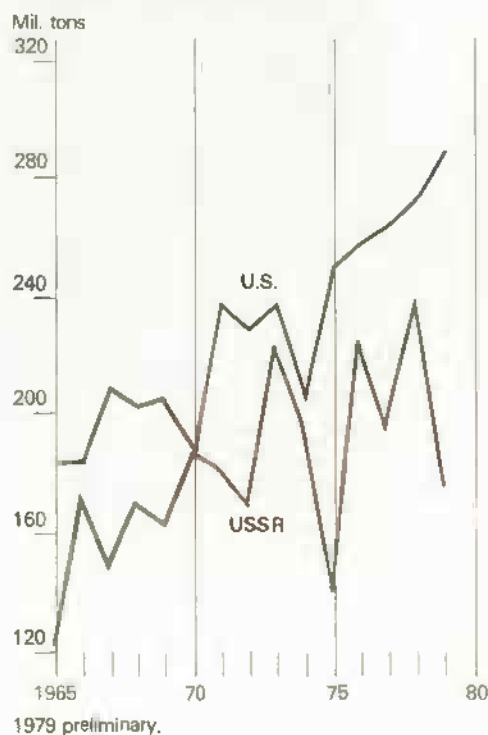
Krushchev's meat production goal of 20 to 21 million tons may have been unrealistic, but the Brezhnev administration has not abandoned the idea entirely. At the July Plenum of the Central Committee of the USSR Communist Party last year, Brezhnev set a goal of 19.5 million tons by 1985.<sup>5</sup> With the continued growth of real disposable income and a constant retail meat price, the agricultural sector will be severely tested to measure up not only to the demands of the Communist Party but also those of the population at large.

When progress towards meat production goals is impeded by grain production shortfalls and the accompanying liquidation of livestock herds, recovery can be very difficult. The Soviets took 3 years to rebuild hog numbers following liquidation in the fall

of 1975 because of a summer drought and a reduced grain crop. If the Soviets wish to maintain agricultural stability and orderly growth of livestock product output, they have little choice but to buy foreign grain after a poor harvest and/or reduce grain stocks. The relationship between the agricultural economies of the U.S. and the USSR is whether or not the USSR will be a consistent and dependable U.S. export market. The Soviets would certainly prefer to be independent of U.S. grain, but the last two crop seasons indicate that such an independence is unrealistic, at least for the near future.

The 1978, the USSR produced 237.2 million tons of grain—a quantity greater than the 1980 goal of 235.1 million tons and just shy of the goal for 1981-85. Despite the size of the 1978 crop, total grain imports in 1978/79 reached 15.6 million tons and are expected to double to record levels in 1979/80. It must now be obvious to the Soviets that their meat production goals can only be met in the near term with foreign grain and such dependence may well extend beyond the 1980's. U.S. grain will figure as an important factor in those goals, and links between U.S. and Soviet agriculture can be expected to remain in place and be reinforced during the 1980's. As the livestock base in the USSR expands, the potential for U.S. grain exports will grow.

#### USSR Grain Production Declines





## Enlarging the European Community

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The European Community (EC) and the three applicant countries—Greece, Spain, and Portugal—are a major market for U.S. agricultural exports. U.S. exports totaled \$6.65 billion to the EC-9 and \$1.3 billion to the three applicant countries in fiscal year (FY) 1978. These exports were 29 percent of the U.S. total in FY 1978 and contributed significantly to the U.S. net agricultural trade balance. The United States has a keen interest in the accession negotiations because membership of Greece, Spain, and Portugal in the EC is likely to alter U.S. agricultural trade patterns.

### Background

The European Community currently consists of nine member countries (EC-9). Belgium, Luxembourg, France, Italy, Netherlands, and West Germany are the original six members dating back to 1958; Denmark, Ireland, and the United Kingdom joined in 1973. Applications for EC membership were tendered by Greece in 1975 and Spain and Portugal in 1977.

The decision by the three to apply for membership in the EC was largely a political one concerned with perpetuating a democratic form of government. Political decisions are not without economic ramifications, however, and the practical problems of bringing the three countries into full

EC membership are numerous.

The population of the European Community is around 259 million, while the applicant countries have a total of 56 million. The proportion of the labor force in agriculture is 8 percent for the whole of the EC-9. It is much higher for the applicant countries, especially Greece and Portugal.

Average per capita Gross Domestic Product (GDP) is over 80 percent higher in the whole of the EC-9 than in Spain, more than double that of Greece, and more than triple that of Portugal. However, Greece would compare reasonably well with Ireland, and Spain with Italy. Average per capita income in Portugal is well below any member country of the EC-9.

Membership of Greece, Spain, and Portugal will bring a 60-percent increase in agricultural land area in the European Community, more than 80 percent of which would be from Spain.

Agricultural production has increased at a much faster rate in Greece and Spain than for the whole of the EC-9. Political dissension has reduced output in Portugal.

While agricultural production in the northern European countries was concentrated heavily on livestock, the three applicant Mediterranean countries have concentrated more on fruits, vegetables, and other nongrain crops.

### Status of Membership Application

Negotiations on Greece's accession to the European Community began in July 1976 and concluded in May 1979. Greece is expected to enter the EC on Jan. 1, 1981, after the Treaty of Accession has been ratified by the Greek Parliament and the Parliaments of the EC-9 member countries.

The agreement which the EC concluded with Greece is expected to serve as a general guide or outline for the discussions with Spain and Portugal. The agreement provides for a general five-year transition period in agriculture at the end of which time most of the adaptation to EC rules and regulations would be complete. Fresh and processed tomatoes and fresh and preserved peaches are subject to a special transitional period of seven years.

Transitional measures include the progressive elimination of Greece's custom duties and alignment to the common external tariff of the Community. The differences between prices of Greek and EC products will be compensated for by a system of accession compensation amounts during the transition period (a special transitional compensatory mechanism will also be applied to certain fruits and vegetables). EC production aids on olive oil, processed fruits and vegetables, and durum wheat will be progressively extended to Greek producers during the transition. (Producers of cotton, dried figs, and raisins are also expected to benefit from deficiency payments extended to these commodities). Certain national producer incentives are to be phased out gradually during the transitional period in order to avoid abrupt changes in Greek producer costs or in prices.

Discussions between the Community, Spain, and Portugal are currently underway. Negotiations with Spain are expected to be especially lengthy and complicated since, of the three acceding countries, Spain will have the most profound impact on agricultural production, consumption, and trade. Membership by Spain is not likely for several years and the transitional period may extend over 5 to 10 years. Portugal is not viewed by existing EC member countries as a serious agricultural competitor but more as a heavy claimant on Community funding programs for restructuring and modernizing its economy, including the agricultural sector.

## Self-Sufficiency in Agriculture

Membership of Greece, Spain, and Portugal in the EC is expected to bring some significant changes to the level of agricultural self-sufficiency for the enlarged Community. The three applicants will benefit in general from higher price supports, as well as in receiving free access to EC-9 markets and subsidization of exports to other markets. Other programs of surplus disposal, such as the withdrawal of fruits and vegetables from the market or conversion of wine to alcohol, could also encourage greater output in the applicant countries.

Based on average production-consumption data for the 1973-75 period, membership of Greece, Spain, and Portugal in the EC would have significantly raised the self-sufficiency ratio for rice, fresh vegetables, peaches, citrus, table grapes, olive oil, sheepmeat, and goatmeat. A notable decline would have occurred for cereals (mostly feedgrains), sugar, and whole milk powder. Commodities where the degree of self-sufficiency would have been little affected are wheat, potatoes, wine, all meats, beef and veal, pork, poultry meat, milk, butter, cheese, skim milk powder, and eggs.

The crucial point to emphasize is that membership of Greece, Spain, and Portugal will do little towards eliminating current surpluses in the EC-9 and will likely create surpluses of other commodities. Production in the EC-9, as well as Greece and Spain, has continued to increase since 1973-75. Production incentives under the EC's Common Agricultural Policy (CAP) likely would stimulate production in the three applicant countries. EC Commission officials are concerned that without major changes in the CAP, surplus production will become considerably greater under enlargement.

## U.S. Agricultural Trade Interests

U.S. agricultural trade interests regarding enlargement of the European Community fall into three areas of concern. Our direct trade with the EC-9

and the three applicant countries; the increased competition which the United States could face in other markets, and competition from other countries displaced from the EC market.

The U.S. is a major source of agricultural commodities for Greece, Spain, and Portugal. In 1977, the U.S. supplied them with 16 percent, 26 percent, and 34 percent, respectively, of their agricultural import requirements. This compares with an 11-percent U.S. share of the EC-9 market for 1977. Although the U.S. is a much more important supplier to the applicant countries (with the exception of Greece) than is the EC-9, the EC-9 is far ahead of the United States as a major outlet for the agricultural exports of the applicant countries. The associate membership of Greece in the EC since 1962 and the special trade arrangements with Spain and Portugal have facilitated exports to the EC.

U.S. agricultural exports to the EC-9 totaled \$6.65 billion in FY 1978, increasing three-fold since FY 1970 despite the trade-inhibiting aspects of the CAP. Exports to the three applicant countries—the largest market being Spain—increased six-fold, rising from \$210 million in FY 1970 to \$1.3 billion in FY 1978. Although feedgrains (primarily corn) and oilseeds and products (primarily soybeans and soybean meal) are the major exports to both the EC-9 and the applicant countries, other commodities are also critical to U.S. trade interests. For example, in fiscal year 1978 the EC-9 plus the three applicant countries accounted for 62 percent of total U.S. exports of feeds and fodders, over 50 percent of nuts and preparations, over 40 percent of tobacco, and nearly 29 percent of meats and meat products. The United States will be keenly interested in the impact of the accession agreement on its short, medium, and longer term agricultural trade with Greece, Spain, Portugal, and the EC-9.

One problem that the United States has faced in agricultural markets outside the EC has been competition from Community-produced products. The CAP provides for export subsidies—as well

as import levies—and the EC has used this device effectively to compete in world markets and dispose of unwanted surpluses. The incentives offered to agricultural producers in the applicant countries could increase surpluses and add pressure on traditional exporters in third country markets.

Membership of Greece, Spain, and Portugal could displace traditional supplies of certain commodities to the EC-9. For example, several Middle East and North African countries have special trade arrangements with the EC-9 on exports of fruits and vegetables to the Community. While these arrangements will not be in jeopardy under EC expansion, their net competitive position vis-a-vis the three accession countries could be restrained.

## Impact on the United States

The impact of enlargement of the EC is under study by the U.S. Department of Agriculture. A quantitative, in-depth analysis is complicated by various factors such as in-progress negotiations between the EC and Spain and Portugal, instability in monetary markets, uncertainty about possible substantive modification of the CAP and uncertainty regarding supply response to price changes (particularly important in regard to Spain).

One area of somewhat general agreement is that the United States is likely to suffer some damage in exports to the EC in citrus fruit, other fresh and processed fruits and vegetables, nuts, and edible oils since these are major export commodities among the three applicant Mediterranean countries. These countries have the potential for increased production of durum wheat, rice, tobacco, and cotton and could offer greater competition to U.S. interest. The trade impact in the feed-livestock sector is particularly difficult to assess, not only because of the general complexity of this area, but because of existing beef and dairy product surpluses in the EC-9.





## Recent Publications

Below is a list of selected USDA publications, arranged by subject area, which may be of interest to you. To order reports, write directly to the issuing agency (indicated in parentheses after each report citation) at the address listed below. When ordering be sure to list the publication number and provide your zipcode.

### ESCS Reports

The publication order form provided on the inside back cover shows the publication numbers for ESCS reports listed below. Simply circle those you would like to receive and mail to ESCS Publications, Room 0054-South Building, U.S. Department of Agriculture, Washington, D.C. 20250.

### FAS Reports

FAS Information, Room 5918 South, U.S. Department of Agriculture, Washington, D.C. 20250.

New report listings, by subject matter:

#### Coffee

World Coffee Crop up From Initial Estimate. FCOF 5-79 (FAS).

#### Cotton

U.S. Cotton Exports Expand 12 Percent in 1978/79. FC 12-79 (FAS).  
U.S. 1978/79 Cotton Exports by Customs

Districts. FC 13-79 (FAS).  
August 1979 Cotton Exports Above Average. FC 14-79 (FAS).

#### Fruits

Northern Hemisphere Production of Apples and Pears Near '78 Levels. FDAP 2-79 (FAS).

#### Grains

Fifth Forecast Points to Still Lower 1979 USSR Grain Crop. FG 16-79 (FAS).  
World Grain Situation Outlook for 1979/80. FG 17-79 (FAS).

#### Honey

World Honey Production and Consumption in Balance During 1979. FIION 1-79 (FAS).

#### Livestock and Meat

World Bovine Hide Production and Trade Continues to Fall in 1979. FLM 5-79 (FAS).  
U.S. Customs Service Data on Meat Imports June 1979. FLM MT 14-79 (FAS).  
U.S. Livestock Meat and Meat Product Trade up in July 1979. FLM MT 19-79 (FAS).

#### Oilseeds and Products

World Exports and Imports of Oilseeds, Oils, and Meals, 1975-77. FOP 16-79 (FAS).  
World Oilseeds Situation and Outlook. FOP 17-79 (FAS).

#### Sugar

World Sugar Supply and Distribution 1954/55-1977/78. FS 2-79 (FAS).

#### Tea

World Tea Crop to be Slightly Below 1978 Record Level. FTEA 5-79 (FAS).

#### Tobacco

Tobacco: World Supply and Distribution, 1974-78. FT 6-79 (FAS).  
Smaller World Tobacco Production Forecast for 1979. FT 7-79 (FAS).  
U.S. Tobacco Export Value Higher in First Half of 1979. FT 8-79 (FAS).  
Growth in World Cigarette Output Expected to Continue in 1979. FT 9-79 (FAS).

#### Microfiche Reports

The following are available FOR SALE ONLY from National Technical Information Service, U.S. Department of Commerce,

5285 Port Royal Road, Springfield, Va. 22161.

Bibliography on the Economics of Fruit and Vegetable Production and Marketing, 1965-76. (ESCS 50) Accession No. PB 296 176/AS. 117 p. Paper \$6.50, Fiche \$3.00.

Public Attitudes Toward Coyote Control. (ESCS 54) Accession No. PB 296 125/AS. 18 p. Paper \$4.00, Fiche \$3.00.  
An Analysis of Food Stamp Redemptions. (ESCS 55) Accession No. PB 296 188/AS. 27 p. Paper \$4.50, Fiche \$3.00.  
Changes in Food Expenditures by Income Group. (ESCS 57) Accession No. PB 297 391/AS. 14 p. Paper \$3.00, Fiche \$4.00.

Economics of Water Quality in Agriculture-A Literature Review. (ESCS 58) Accession No. PB 297 658/AS. 43 p. Paper \$3.00, Fiche \$4.00.

Food Prices and Policy. (ESCS 59) Accession No. PB 297 430/AS. 12 p. Paper \$4.00, Fiche \$3.00.

Small-Farm Issues: Proceedings of the ESCS Small-Farm Workshop, May 1978. (ESCS 60) Accession No. PB 297 696/AS. 78 p. Paper \$6.00, Fiche \$3.00.

#### Miscellaneous

Economic Feasibility of a Biological Control Technology: Using a Parasitic Wasp, *Pediobius foveolatus*, to Manage Mexican Bean Beetle on Soybeans. AER 430 (ESCS).

Status of the Family Farm: Second Annual Report to the Congress. AER 434 (ESCS).

Prospects for Productivity Growth in U.S. Agriculture. AER 435 (ESCS).

Energy and U.S. Agriculture: Irrigation Pumping, 1974-77. AER 436 (ESCS).

Milk Dealers' Sales and Costs: A Trend Analysis, 1952-77. ESCS 62 (ESCS).

Grain-Dust Pelletizing Costs and Capital Requirements for Stationary and Portable Plants. ESCS 71 (ESCS).

Canadian Land Use. FAER 155 (ESCS).  
Future Structure and Management of Dairy Cooperatives. FCRR 7 (ESCS).

Obtaining Timely Crop Area Estimates Using Ground-Gathered and Landsat Data. TB 1609 (ESCS).

Grocery Retailing Concentration in Metropolitan Areas, Economic Census Years 1954-72. Unnumbered (ESCS).

U.S. Foreign Agricultural Trade Statistical Report Calendar Year 1978: Supplemental Tables. A Supplement of the Monthly Foreign Agricultural Trade of the United States. Unnumbered (ESCS).

# Statistical Indicators

## Summary Data

### KEY STATISTICAL INDICATORS OF THE FOOD AND FIBER SECTOR

	1977	1978 <sup>1</sup>				1979				
	Annual	II	III	IV	Annual	I	II	III	IV Forecast	Annual
Prices received by farmers (1967=100) . . . . .	183	213	215	219	210	240	245	241	232	239
Livestock and products (1967=100) . . . . .	175	216	221	234	217	263	265	248	245	255
Crops (1967=100) . . . . .	192	212	207	203	204	213	222	233	217	221
Prices paid by farmers, all items (1967=100) . . . . .	202	218	221	225	219	238	248	253	258	249
Production items (1967=100) <sup>2</sup> . . . . .	208	226	228	232	226	249	259	263	267	259
Farm production (1967=100) . . . . .	121	—	—	—	122	—	—	—	—	127
Livestock and products (1967=100) . . . . .	106	—	—	—	106	—	—	—	—	107
Crops (1967=100) . . . . .	130	—	—	—	131	—	—	—	—	140
Farm income <sup>3</sup> . . . . .										
Cash receipts (\$ bil.) . . . . .	95.7	111.0	109.0	118.0	111.0	128.9	130.7	129.9	128	129
Livestock (\$ bil.) . . . . .	47.4	58.3	60.4	63.4	59.0	70.0	68.2	65.0	64	67
Crops (\$ bil.) . . . . .	48.2	52.7	48.6	54.6	52.1	58.9	62.5	64.9	62	62
Total gross farm income (\$ bil.) <sup>3</sup> . . . . .	108.5	124.8	123.7	134.6	126.0	143.9	146.8	146.7	146	145
Production expenses (\$ bil.) . . . . .	88.8	97.0	97.4	103.0	98.1	109.0	112.0	116.0	119	114
Net farm income (\$ bil.) . . . . .	19.8	27.8	26.3	31.6	27.9	34.9	34.8	30.7	27	31
Market basket: . . . . .										
Retail cost (1967=100) . . . . .	179.2	199.1	204.2	206.2	199.4	217.5	223.8	224.3	226	223
Farm value (1967=100) . . . . .	178.1	211.5	213.4	214.8	207.4	237.4	235.8	227.0	225	232
Spread (1967=100) . . . . .	180.0	191.6	198.6	201.1	194.5	205.4	216.5	222.7	226	218
Farm value/retail cost (%) . . . . .	38	40	39	39	39	41	40	38	38	39
Retail prices: . . . . .										
Food (1967=100) . . . . .	192.2	210.5	215.3	218.0	211.4	227.5	234.0	236.8	239	234
At home (1967=100) . . . . .	190.2	210.0	214.4	216.5	210.2	227.0	233.1	234.6	237	233
Away-from-home (1967=100) . . . . .	200.3	215.9	221.6	226.0	218.4	233.2	240.7	246.3	251	243
Per capita food use (1967=100) . . . . .	104.6	—	—	—	104.5	—	—	—	—	105
Animal-products (1967=100) <sup>4</sup> . . . . .	103.0	100.1	100.7	104.2	102.2	99.3	99.1	101.1	102.5	101
Crop-products (1967=100) . . . . .	106.3	—	—	—	106.9	—	—	—	—	108
Agricultural exports (\$ bil.) <sup>5</sup> . . . . .	24.0	6.5	7.9	6.8	27.3	8.2	7.7	7.9	8.2	32.0
Agricultural imports (\$ bil.) <sup>5</sup> . . . . .	13.4	3.9	3.4	3.6	13.9	3.9	4.1	4.4	3.8	16.2

<sup>1</sup> Including interest, wages, and taxes. <sup>2</sup> Quarterly data are seasonally adjusted at annual rates. <sup>3</sup> Includes net change in farm inventories. <sup>4</sup> Quarterly data exclude fish products. <sup>5</sup> Annual and quarterly data are based on Oct.-Sept. fiscal years ending with indicated years; quarters indicated refer to fiscal year quarters, not calendar year quarters, i.e. I 1978 means Oct.-Dec. 1977, II 1978 means Jan.-Mar. 1978, etc.

# Farm Income

## Gross and net farm income<sup>1</sup>

	Annual			1976	1977			1978				1979		
	1976	1977	1978	IV	II	III	IV	I	II	III	IV	I	II	III p
	\$ bil.													
Cash receipts from farm marketings . . . . .	94.8	95.7	111.0	93.6	93.8	92.1	99.9	106.2	111.0	109.0	118.0	128.9	130.7	129.9
Livestock and products . . . . .	46.1	47.4	59.0	45.2	45.7	47.1	50.6	53.9	58.3	60.4	63.4	70.0	68.2	65.0
Crops . . . . .	48.7	48.2	52.1	48.4	48.1	44.9	49.4	52.4	52.7	48.6	54.6	58.9	62.5	64.9
Net change in farm inventories . . . . .	-2.4	1.1	1.1	-2.4	1.0	2.0	2.2	1.0	.5	1.5	1.2	2.0	2.5	3.5
Nonmoney and other farm income <sup>2</sup> . . . . .	9.4	11.8	13.8	9.7	10.7	11.3	15.1	13.6	13.3	13.2	15.4	13.0	13.6	13.3
Gross farm income . . . . .	101.8	108.5	126.0	100.4	105.5	105.4	117.2	120.8	124.8	123.7	134.6	143.9	146.8	146.7
Farm production expenses . . . . .	83.1	88.8	98.1	84.4	87.5	88.5	92.4	95.0	97.0	97.4	103.0	109.0	112.0	116.0
Net farm income														
Current prices . . . . .	18.7	19.8	27.9	16.5	18.0	16.9	24.8	25.8	27.8	26.3	31.6	34.9	34.8	30.7
1967 prices <sup>3</sup> . . . . .	11.0	10.9	14.3	9.5	10.0	9.2	13.4	13.7	14.4	13.3	15.7	16.8	16.3	13.9

<sup>1</sup> Quarterly data are seasonally adjusted at annual rates. <sup>2</sup> Includes government payments to farmers, value of farm products consumed in farm households, rental value of farm dwellings, and income from recreation, machine hire, and custom work. <sup>3</sup> Deflated by the consumer price index for all items, 1967=100. p. preliminary.

## Cash receipts from farming

	Annual			1978	1979					
	1976	1977	1978	Aug	Mar	Apr	May	June	July	Aug
	\$ Mil.									
Farm marketings and CCC loans <sup>1</sup> . . . . .	94,780	95,654	111,042	8,679	9,165	8,796	8,981	10,124	9,339	9,340
Livestock and products . . . . .	46,112	47,432	68,991	4,912	5,788	5,731	5,858	5,473	5,287	5,324
Meat animals . . . . .	26,954	27,842	37,373	3,052	3,730	3,719	3,760	3,389	3,243	3,259
Dairy products . . . . .	11,428	11,752	12,724	1,049	1,221	1,209	1,246	1,234	1,221	1,210
Poultry and eggs . . . . .	7,164	7,226	8,152	741	780	739	782	776	754	785
Other . . . . .	566	612	742	70	57	64	70	74	69	70
Crops . . . . .	48,668	48,222	52,051	3,767	3,377	3,065	3,123	4,651	4,052	4,016
Food grains . . . . .	6,896	6,041	5,927	722	323	277	467	1,053	1,206	864
Feed crops . . . . .	13,075	11,885	10,871	598	899	862	813	1,315	649	398
Cotton (lint and seed) . . . . .	3,477	3,470	3,429	63	110	117	92	101	69	139
Tobacco . . . . .	2,310	2,331	2,549	517	26	0	20	0	185	527
Oil-bearing crops . . . . .	9,406	9,537	11,987	501	912	598	466	857	531	734
Vegetables and melons . . . . .	5,242	5,659	6,083	598	407	338	461	485	433	572
Fruits and tree nuts . . . . .	3,646	4,341	5,451	400	262	355	387	523	523	392
Other . . . . .	4,616	4,958	5,754	368	438	518	417	317	456	390
Government payments . . . . .	734	1,819	3,030	63	104	312	55	37	42	72
Total cash receipts <sup>2</sup> . . . . .	95,514	97,473	114,072	8,742	9,269	9,108	9,036	10,161	9,381	9,412

<sup>1</sup> Receipts from loans represent value of loans minus value of redemptions during the month. <sup>2</sup> Details may not add because of rounding.

## Farm marketing indexes (physical volume)

	Annual			1978	1979					
	1976	1977	1978	Aug	Mar	Apr	May	June	July	Aug
	1967=100									
All commodities . . . . .	120	123	123	118	101	102	98	117	106	116
Livestock and products . . . . .	109	112	115	116	105	105	108	107	108	114
Crops . . . . .	134	138	135	120	96	99	83	132	104	118



Cash receipts<sup>1</sup> from farm marketings, by States, January-August

State	Livestock and Products		Crops <sup>2</sup>		Total <sup>2</sup>	
	1978	1979	1978	1979	1978	1979
\$Mil.						
<b>NORTH ATLANTIC</b>						
Maine . . . . .	187.6	204.7	80.7	89.3	268.3	294.0
New Hampshire . . . . .	40.5	38.8	16.0	15.5	56.5	54.3
Vermont . . . . .	184.2	213.3	14.8	14.7	199.0	228.0
Massachusetts . . . . .	73.5	74.8	70.8	70.4	144.3	145.1
Rhode Island . . . . .	8.1	7.8	8.9	9.3	17.0	17.1
Connecticut . . . . .	88.1	99.3	63.1	65.8	151.1	165.0
New York . . . . .	872.1	1,072.9	311.8	318.3	1,183.9	1,391.2
New Jersey . . . . .	70.9	72.0	170.6	186.9	241.5	258.9
Pennsylvania . . . . .	990.1	1,204.6	411.8	415.2	1,401.9	1,619.8
<b>NORTH CENTRAL</b>						
Ohio . . . . .	823.7	938.7	948.9	1,303.8	1,772.6	2,242.5
Indiana . . . . .	1,019.1	1,153.6	915.6	1,069.8	1,934.7	2,223.4
Illinois . . . . .	1,364.2	1,501.2	2,852.4	3,203.1	4,216.6	4,704.2
Michigan . . . . .	663.6	781.4	624.6	581.9	1,288.2	1,363.3
Wisconsin . . . . .	1,945.2	2,336.7	418.1	323.9	2,363.4	2,660.6
Minnesota . . . . .	1,667.9	1,867.9	1,236.5	1,511.9	2,904.5	3,379.9
Iowa . . . . .	3,402.5	3,821.5	1,860.1	2,674.1	5,262.6	6,495.7
Missouri . . . . .	1,318.1	1,565.4	648.3	863.2	1,966.4	2,428.6
North Dakota . . . . .	329.7	397.7	811.9	891.6	1,141.6	1,289.3
South Dakota . . . . .	956.7	1,134.3	285.8	348.7	1,242.5	1,483.1
Nebraska . . . . .	1,875.5	2,201.2	713.4	930.4	2,588.9	3,131.5
Kansas . . . . .	1,883.7	2,207.2	737.9	835.1	2,621.6	3,042.3
<b>SOUTHERN</b>						
Delaware . . . . .	148.8	167.9	39.6	44.6	188.4	212.5
Maryland . . . . .	343.3	397.1	120.7	129.7	464.0	526.8
Virginia . . . . .	428.2	507.7	175.5	221.9	603.6	729.6
West Virginia . . . . .	80.9	80.3	25.0	31.4	105.8	111.7
North Carolina . . . . .	832.9	956.9	670.0	827.1	1,502.9	1,784.0
South Carolina . . . . .	242.9	292.1	304.3	352.2	547.2	644.3
Georgia . . . . .	954.8	1,116.1	429.7	509.0	1,384.5	1,670.1
Florida . . . . .	577.3	697.8	1,837.8	1,527.4	2,415.2	2,225.2
Kentucky . . . . .	612.9	725.8	509.3	582.9	1,122.3	1,308.7
Tennessee . . . . .	553.1	696.2	223.1	252.4	776.2	948.5
Alabama . . . . .	807.8	944.2	243.5	247.2	1,051.3	1,191.4
Mississippi . . . . .	584.8	679.4	371.5	421.8	956.3	1,101.2
Arkansas . . . . .	900.7	1,097.1	386.3	536.0	1,287.0	1,633.1
Louisiana . . . . .	289.9	343.2	326.2	317.6	616.1	660.8
Oklahoma . . . . .	1,067.8	1,337.2	414.6	592.7	1,482.4	1,929.9
Texas . . . . .	2,994.7	3,702.5	1,752.4	2,059.7	4,747.1	5,762.2
<b>WESTERN</b>						
Montana . . . . .	187.0	230.4	286.2	328.1	473.3	558.5
Idaho . . . . .	383.0	460.5	397.4	444.7	780.4	905.2
Wyoming . . . . .	151.9	189.7	27.0	36.0	178.9	225.7
Colorado . . . . .	1,361.0	1,575.0	273.7	289.9	1,634.7	1,864.9
New Mexico . . . . .	298.7	351.3	94.8	111.4	393.4	462.7
Arizona . . . . .	478.7	559.2	468.6	493.7	947.3	1,052.9
Utah . . . . .	220.9	239.8	56.4	56.4	277.3	296.1
Nevada . . . . .	57.3	65.3	27.1	31.1	84.4	96.3
Washington . . . . .	362.1	437.7	902.4	955.2	1,264.5	1,392.9
Oregon . . . . .	284.7	337.2	423.7	475.3	708.4	812.5
California . . . . .	2,225.3	2,541.2	3,665.1	3,445.8	5,890.5	5,987.0
Alaska . . . . .	2.8	2.8	3.2	4.4	6.0	7.1
Hawaii . . . . .	48.7	47.2	205.1	209.8	253.8	257.0
<b>UNITED STATES . . . . .</b>	<b>37,248.1</b>	<b>43,718.9</b>	<b>27,862.2</b>	<b>31,258.1</b>	<b>65,110.3</b>	<b>74,977.0</b>

<sup>1</sup> Estimates as of the first of current month. <sup>2</sup> Sales of farm products include receipts from loans reported minus of redemptions during the period. Rounded data may not add.

## Farm Production<sup>1</sup>

Items	1971	1972	1973	1974	1975	1976	1977	1978	1979 <sup>2</sup>
	1967=100								
Farm output .....	110	110	112	106	114	117	121	121	128
All livestock products <sup>3</sup> .....	106	107	105	106	101	105	106	106	107
Meat animals .....	109	109	108	110	102	105	105	104	103
Dairy products .....	101	102	98	99	98	103	105	104	105
Poultry and eggs .....	106	109	106	106	103	110	112	118	126
All crops <sup>4</sup> .....	112	113	119	110	121	121	130	131	142
Feed grains .....	116	112	115	93	114	120	126	135	139
Hay and forage .....	105	104	109	104	108	102	107	115	115
Food grains .....	107	102	114	120	142	141	132	124	142
Sugar crops .....	116	127	112	104	130	128	116	118	109
Cotton .....	145	187	175	158	112	142	191	146	193
Tobacco .....	86	88	88	101	110	108	98	102	86
Oil crops .....	121	131	155	127	153	132	175	180	226
Cropland used for crops .....	100	98	103	106	108	109	111	108	111
Crop production per acre .....	112	115	116	104	112	111	117	121	128

<sup>1</sup> For historical data and explanation of indexes, see *Changes in Farm Production and Efficiency*, USDA Statistical Bulletin 612. <sup>2</sup> Preliminary indexes for 1979 based on October 1979 *Crop Production* and other releases of the Crop Reporting Board, SRS. <sup>3</sup> Gross livestock production includes minor livestock products not included in the separate groups shown. It cannot be added to gross crop production to compute farm output. <sup>4</sup> Gross crop production includes some miscellaneous crops not in the separate groups shown. It cannot be added to gross livestock production to compute farm output.

## Farm Prices: Received and Paid

Indexes of prices received and paid by farmers, U.S. average

	Annual			1978	1979					
	1976	1977	1978	Sept	Apr	May	June	July	Aug	Sept p
	1967=100									
Prices Received										
All farm products . . . . .	186	183	210	217	244	246	244	244	237	240
All crops . . . . .	197	192	204	205	212	220	233	240	235	224
Food grains . . . . .	202	156	191	191	199	210	240	251	245	250
Feed grains and hay . . . . .	218	181	184	174	195	208	218	226	220	217
Feed grains . . . . .	214	174	181	170	194	200	216	226	217	214
Cotton . . . . .	265	270	245	250	237	247	262	271	263	260
Tobacco . . . . .	163	175	191	207	205	206	206	199	208	214
Oil-bearing crops . . . . .	205	243	226	225	255	255	264	264	257	250
Fruit . . . . .	129	163	227	279	220	240	255	274	278	217
Fresh market <sup>1</sup> . . . . .	126	163	237	299	227	251	270	293	300	225
Commercial vegetables . . . . .	161	176	189	172	191	186	186	177	178	166
Fresh market . . . . .	173	197	209	183	210	204	203	189	192	174
Potatoes <sup>2</sup> . . . . .	201	194	206	179	167	184	195	229	205	176
Livestock and Products . . . . .	177	175	217	227	272	269	255	250	239	255
Meat animals . . . . .	170	168	226	240	304	301	280	273	256	277
Dairy products . . . . .	192	193	210	217	230	229	229	230	238	244
Poultry and eggs . . . . .	178	174	185	189	202	199	188	181	173	177
Prices paid										
Commodities and services, interest, taxes, and wage rates . . . . .	191	202	219	223	246	248	249	251	251	254
Production items . . . . .	193	200	216	220	246	247	248	250	249	253
Feed . . . . .	191	186	183	178	197	202	205	216	211	210
Feeder livestock . . . . .	154	158	221	239	322	310	292	288	276	290
Interest payable per acre on farm real estate debt . . . . .	287	331	396	396	487	487	487	487	487	487
Taxes on farm real estate . . . . .	178	195	207	207	221	221	221	221	221	221
Wage rates (seasonally adjusted) . . . . .	210	226	242	243	269	269	269	266	266	266
Production items, interest, taxes, and wage rates . . . . .	198	208	226	229	258	259	259	262	260	264
Prices received (1910-14=100) . . . . .	464	457	524	542	609	615	610	611	592	601
Prices paid, etc. (Parity index) (1910-14=100) . . . . .	650	687	744	757	837	842	845	853	852	862
Parity ratio <sup>3</sup> . . . . .	71	66	70	72	73	73	72	72	69	70

<sup>1</sup> Fresh market for noncitrus and fresh market and processing for citrus. <sup>2</sup> Includes sweet potatoes and dry edible beans. <sup>3</sup> Ratio of index of prices received to index of prices paid, taxes, and wages rates, p. preliminary.

## Prices received by farmers, U.S. average

	Annual *			1978	1979					
	1976	1977	1978	Sept	Apr	May	June	July	Aug	Sept p
<b>Crops</b>										
All wheat (\$/bu.)	3.15	2.29	2.82	2.92	3.01	3.20	3.72	3.89	3.74	3.84
Rice, rough (\$/cwt.)	6.90	7.94	9.28	7.56	8.52	8.74	8.87	9.10	10.00	9.65
Corn (\$/bu.)	2.49	2.03	2.10	1.98	2.27	2.35	2.49	2.64	2.54	2.50
Sorghum (\$/cwt.)	4.00	3.11	3.45	3.22	3.58	3.66	4.30	4.46	4.27	4.02
All hay, baled (\$/ton)	58.00	57.10	49.90	47.80	49.50	65.10	58.00	56.30	67.60	58.80
Soybeans (\$/bu.)	5.58	6.82	6.28	6.20	7.06	7.06	7.36	7.36	7.07	6.87
Cotton, Upland (cts./lb.)	59.7	60.9	55.0	56.2	53.4	55.5	58.8	60.9	59.2	58.5
Potatoes (\$/cwt.)	4.14	3.90	3.99	3.61	3.02	3.33	3.35	4.24	3.89	3.27
Dry edible beans (\$/cwt.)	16.40	17.50	18.60	14.60	17.20	19.00	20.00	22.20	20.80	19.50
Apples for fresh use (cts./lb.)	10.1	12.3	16.4	15.8	14.0	13.9	13.5	14.9	15.6	15.8
Pears for fresh use (\$/ton)	178	145	130	258	356	457	496	—	258	241
Oranges, all uses (\$/box) <sup>3</sup>	1.64	2.94	4.72	6.25	4.58	5.12	5.48	5.18	4.96	3.52
Grapefruit, all uses (\$/box) <sup>3</sup>	1.45	1.67	2.39	7.74	2.68	3.64	4.24	5.33	5.42	3.49
<b>Livestock</b>										
Beef cattle (\$/cwt.)	33.90	34.50	48.20	52.20	72.40	71.50	66.90	65.60	61.30	66.90
Calves (\$/cwt.)	34.50	36.80	58.10	65.70	96.40	96.70	90.20	90.00	84.60	91.60
Hogs (\$/cwt.)	43.00	40.00	47.10	48.00	44.30	43.60	39.70	37.90	35.50	37.50
Lambs (\$/cwt.)	47.60	51.40	63.10	63.70	69.80	70.10	67.00	65.00	61.10	67.00
All milk, sold to plants (\$/cwt.)	9.66	9.71	10.60	10.90	11.60	11.50	11.50	11.60	12.00	12.30
Milk, manuf. grade (\$/cwt.)	8.57	8.71	9.67	9.96	10.70	10.80	10.80	10.80	11.10	11.40
Broilers (cts./lb.)	23.1	23.5	26.5	26.2	28.2	29.0	26.4	25.5	23.0	23.4
Eggs (cts./doz.) <sup>3</sup>	58.8	54.2	52.5	54.4	60.2	56.7	55.6	53.4	52.3	54.8
Turkeys (cts./lb.)	31.8	34.8	41.7	44.0	43.1	42.2	40.0	38.3	38.6	38.1
Wool (cts./lb.) <sup>4</sup>	65.1	71.4	76.3	72.7	84.1	88.3	87.1	83.7	83.1	80.2

<sup>1</sup> Ten month average. <sup>2</sup> Equivalent on-tree returns. <sup>3</sup> Average of all eggs sold by farmers, including hatching eggs and eggs sold at retail. <sup>4</sup> Average local market price, excluding incentive payments. \* Calendar year averages. p Preliminary.

## Producer and Retail Prices

### Consumer Price Index for all urban consumers, U.S. average (not seasonally adjusted)\*

	Annual	1978	1979							
	1978	Sept	Féb	Mar	Apr	May	June	July	Aug	Sept
1967=100										
Consumer price index, all items	195.4	199.3	207.1	209.1	211.5	214.1	216.6	218.9	221.1	223.4
Consumer price index, less food	191.2	195.1	201.8	203.8	206.3	208.9	211.8	214.2	216.9	219.6
All food	211.4	215.6	228.2	230.4	232.3	234.3	235.4	236.9	236.3	237.1
Food away from home	218.4	223.2	233.4	236.0	238.4	241.1	242.7	244.9	246.5	247.6
Food at home	210.2	214.1	228.0	229.9	231.7	233.4	234.2	235.5	233.9	234.7
Meats <sup>1</sup>	206.8	212.7	238.6	244.2	248.3	252.1	249.6	248.0	237.8	238.1
Beef and veal	201.0	209.7	243.4	252.1	262.5	270.3	266.9	266.4	251.9	254.2
Pork	213.1	213.7	232.3	233.4	225.9	222.2	217.2	215.1	207.4	206.5
Poultry	172.9	177.9	185.8	189.9	189.9	188.0	187.2	186.2	177.1	174.8
Fish	275.4	280.0	293.0	294.0	295.6	297.2	301.0	304.3	306.5	309.7
Eggs	157.8	161.9	182.1	181.3	179.3	172.9	161.9	165.8	161.8	170.7
Dairy products <sup>2</sup>	185.6	188.8	200.6	201.5	202.4	203.8	205.5	206.3	208.6	211.3
Fats and oils <sup>3</sup>	209.6	215.4	219.2	219.5	222.5	225.3	226.3	227.4	228.9	231.5
Fruits and vegetables	212.9	216.2	226.5	225.9	226.5	226.8	233.8	238.1	237.8	231.8
Fresh	218.5	222.5	232.7	230.5	230.7	231.0	243.3	249.4	247.5	234.7
Processed	208.7	211.2	221.6	222.7	223.9	224.2	225.4	227.8	229.2	230.6
Cereals and bakery products	199.9	203.8	212.2	213.5	214.5	216.2	217.8	220.1	223.7	225.6
Sugar and sweets	257.5	261.8	270.2	272.1	274.2	276.3	277.4	279.4	281.0	282.0
Beverages, nonalcoholic	340.8	339.8	347.8	347.1	347.7	349.3	350.4	354.6	361.8	367.7
Apparel commodities less footwear	154.2	156.5	154.1	157.1	157.9	158.4	157.4	155.6	157.7	161.5
Footwear	163.8	165.7	168.9	171.6	174.2	175.0	176.7	176.6	177.5	180.1
Tobacco products	177.2	180.8	185.2	185.8	186.1	186.3	186.4	186.8	189.9	190.9
Beverages, alcoholic	159.8	162.0	167.7	169.2	170.2	171.5	172.1	172.7	173.3	174.2

<sup>1</sup> Beef, veal, lamb, pork, and processed meat. <sup>2</sup> Includes butter. <sup>3</sup> Excludes butter.



Producer Price Indexes, U.S. average (not seasonally adjusted)

	Annual			1978	1979					
	1976	1977	1978	Sept	Apr	May	June	July	Aug	Sept
	1967=100									
Finished goods <sup>1</sup>	170.3	180.6	194.6	197.1	211.4	212.7	213.4	215.8	217.3	220.4
Consumer foods	180.2	189.1	206.8	209.4	227.8	226.6	223.8	224.6	223.2	227.8
Fruits and vegetables <sup>2</sup>	178.4	192.2	218.2	208.0	237.2	226.5	226.2	226.6	241.6	208.2
Eggs	179.1	162.0	158.6	167.8	185.5	163.8	170.7	167.6	166.8	175.4
Bakery products	180.0	186.5	201.2	204.9	216.0	216.3	217.0	218.4	224.3	227.8
Meats	173.6	170.7	209.5	215.5	246.2	242.0	233.7	228.0	215.2	232.7
Beef and veal	156.0	157.5	202.2	210.0	270.1	264.4	254.1	248.1	233.3	257.4
Pork	201.4	190.1	219.1	223.9	210.7	203.2	198.0	191.9	183.7	196.8
Poultry	166.2	173.3	194.0	203.5	201.3	204.9	179.2	179.7	170.9	172.6
Fish	272.4	294.3	313.0	329.9	377.9	383.2	393.0	399.5	388.5	390.4
Dairy products	168.5	173.4	188.4	192.9	207.0	207.9	208.3	209.0	215.2	218.3
Processed fruits and vegetables	170.2	187.3	202.6	205.1	220.4	221.3	221.4	223.1	224.4	225.0
Refined sugar <sup>3</sup>	n.a.	n.a.	108.3	111.5	113.5	114.2	113.7	113.7	115.1	115.5
Vegetable oil and products	174.2	198.6	209.4	212.9	221.3	219.3	219.7	225.5	229.8	233.0
Consumer finished goods less foods	161.8	172.1	188.9	186.0	199.2	202.1	204.7	208.4	212.1	215.9
Beverages, alcoholic	138.1	139.7	148.0	149.6	157.4	159.9	160.8	161.1	162.8	163.3
Beverages, nonalcoholic	187.2	198.1	212.1	212.5	224.9	226.3	226.5	228.0	229.4	233.0
Apparel	139.9	147.3	152.4	153.2	159.3	159.3	160.0	160.1	161.1	161.6
Footwear	158.9	168.7	183.2	186.5	212.6	215.8	219.7	222.3	225.6	226.2
Tobacco products	163.0	179.8	198.5	205.1	213.9	213.9	213.9	214.6	221.1	221.7
Intermediate materials <sup>4</sup>	189.3	201.7	215.5	218.7	235.8	238.2	239.8	244.2	247.1	250.7
Materials for food manufacturing	180.6	181.7	202.3	208.1	222.2	222.5	222.2	226.4	225.1	228.6
Flour	147.8	118.9	141.5	144.0	155.3	165.5	171.4	187.3	183.6	184.0
Refined sugar <sup>5</sup>	n.a.	n.a.	109.3	112.0	116.6	116.2	117.7	118.3	119.3	118.6
Crude vegetable oils	162.5	197.5	219.2	243.1	242.3	238.8	250.1	264.4	258.2	255.4
Crude materials <sup>6</sup>	205.1	214.4	240.2	244.8	279.9	282.3	283.0	287.3	281.7	287.9
Foodstuffs and feedstuffs	190.1	190.9	215.4	218.4	251.5	251.9	248.2	254.1	243.6	248.7
Fruits and vegetables <sup>2</sup>	178.4	192.2	218.2	208.0	237.2	226.5	226.2	226.6	241.6	208.2
Grains	205.9	165.0	182.5	176.9	198.3	210.3	218.7	247.4	229.1	224.4
Livestock	173.3	173.0	220.1	226.8	284.0	280.7	264.0	256.0	240.2	256.4
Poultry, live	166.9	175.4	199.8	211.1	209.4	216.3	182.9	183.8	171.9	173.5
Fibers, plant and animal	223.9	202.3	193.4	210.3	197.8	207.6	219.5	207.6	207.9	211.3
Milk	201.2	202.6	219.7	225.9	243.7	242.0	243.8	247.6	250.0	258.5
Oilseeds	204.4	236.7	224.1	219.5	252.9	248.1	258.7	261.8	252.1	242.2
Coffee, green	305.5	505.1	378.2	354.2	329.4	351.3	396.1	498.7	486.0	485.1
Tobacco, leaf	164.2	176.1	190.8	206.8	n.a.	206.3	206.3	199.8	208.8	214.4
Sugar, raw cane	185.5	149.5	190.2	193.3	197.0	195.1	206.5	208.4	216.2	216.1
All commodities	183.0	194.2	209.3	212.4	230.0	232.0	233.1	236.6	238.1	241.7
Industrial commodities	182.4	195.1	209.4	212.5	229.0	231.6	233.5	237.2	240.3	243.8
All foods <sup>7</sup>	178.9	186.8	206.5	209.6	227.5	226.4	223.9	225.0	224.5	228.2
Farm products and processed foods and feeds	183.1	188.8	206.7	209.4	231.2	230.8	229.0	232.0	227.3	231.7
Farm products	191.0	192.5	212.7	215.1	246.0	245.4	242.8	246.8	238.5	241.0
Processed foods and feeds	178.0	186.1	202.6	205.5	222.3	222.0	220.7	223.0	220.3	225.7
Cereal and bakery products	172.1	173.2	190.2	191.0	203.0	204.9	206.4	210.5	215.1	217.7
Sugar and confectionery	190.9	177.5	197.8	202.5	208.7	207.6	212.6	215.7	218.3	217.3
Beverages	173.5	200.9	200.1	197.8	201.5	205.3	208.3	213.7	215.9	217.9
Wholesale spot prices, 9 foodstuffs	201.6	208.2	239.1	248.7	251.8	254.4	256.5	259.3	254.3	259.1

<sup>1</sup> Commodities ready for sale to ultimate consumer. <sup>2</sup> Fresh and dried. <sup>3</sup> Consumer size packages, Dec. 1977=100. <sup>4</sup> Commodities requiring further processing to become finished goods. <sup>5</sup> For use in food manufacturing. <sup>6</sup> Products entering market for the first time which have not been manufactured at that point. <sup>7</sup> Includes all processed food (except soft drinks, alcoholic beverages, and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables. n.a. = not available.

# Farm-Retail Price Spreads

## Market basket of farm foods

	Annual			1978p		1979p				
	1976	1977	1978p	Sept	Apr	May	June	July	Aug	Sept
<b>Market basket<sup>1</sup>:</b>										
Retail cost (1967=100) .....	175.4	179.2	199.4	203.9	222.4	224.2	224.9	225.9	223.5	223.7
Farm value (1967=100) .....	177.8	178.1	207.4	214.2	240.7	235.9	231.1	229.6	223.9	227.0
Farm-retail spread (1967=100) .....	174.0	180.0	194.5	197.5	211.3	217.0	221.0	223.5	223.1	221.6
Farm value/retail cost (%) .....	38.3	37.5	39.3	39.7	40.9	39.8	38.8	38.4	37.8	38.3
<b>Meat products:</b>										
Retail cost (1967=100) .....	178.5	174.3	206.8	212.7	248.3	252.1	249.6	248.0	237.8	238.1
Farm value (1967=100) .....	170.1	169.8	211.5	219.6	264.0	259.4	242.2	236.0	222.6	233.1
Farm-retail spread (1967=100) .....	189.5	180.0	200.6	203.7	227.9	242.6	259.2	263.6	257.4	244.5
Farm value/retail cost (%) .....	53.8	55.0	57.8	58.3	60.0	58.1	54.8	53.7	52.9	65.3
<b>Dairy products:</b>										
Retail cost (1967=100) .....	168.5	173.3	185.5	188.8	202.4	203.8	205.5	206.3	208.6	211.3
Farm value (1967=100) .....	185.9	187.2	204.3	219.0	227.2	227.6	231.3	232.8	235.5	237.2
Farm-retail spread (1967=100) .....	153.3	161.3	169.2	169.8	180.8	183.0	183.1	183.2	185.2	188.8
Farm value/retail cost (%) .....	51.4	50.3	51.3	51.9	52.3	52.0	52.3	52.5	52.6	52.3
<b>Poultry:</b>										
Retail cost (1967=100) .....	157.0	158.1	172.8	177.9	189.9	188.0	187.2	186.2	177.1	174.8
Farm value (1967=100) .....	174.4	178.5	202.7	210.9	221.6	213.4	203.0	195.2	177.9	180.6
Farm-retail spread (1967=100) .....	140.2	138.4	144.1	146.0	159.2	163.4	171.9	177.5	176.3	169.2
Farm value/retail cost (%) .....	54.6	55.5	57.7	58.3	57.4	55.8	53.3	51.6	49.4	50.8
<b>Eggs:</b>										
Retail cost (1967=100) .....	174.9	169.1	157.8	161.9	179.3	172.9	161.9	165.8	161.8	170.7
Farm value (1967=100) .....	201.9	187.5	178.7	188.1	211.9	180.5	183.3	185.7	183.6	199.4
Farm-retail spread (1967=100) .....	135.8	142.5	127.5	124.1	132.2	161.9	131.1	137.1	130.3	129.3
Farm value/retail cost (%) .....	68.2	65.5	66.9	68.7	69.8	61.7	66.9	66.2	67.1	69.0
<b>Cereal and bakery products:</b>										
Retail cost (1967=100) .....	180.8	183.7	199.9	203.8	214.5	216.2	217.8	220.1	223.7	225.6
Farm value (1967=100) .....	162.3	138.2	163.9	162.0	175.7	181.6	196.1	203.4	200.6	201.2
Farm-retail spread (1967=100) .....	184.5	193.2	207.3	212.5	222.5	223.4	222.3	223.6	228.5	230.6
Farm value/retail cost (%) .....	15.4	12.9	14.1	13.6	14.0	14.4	15.4	15.8	15.4	16.3
<b>Fresh fruits:</b>										
Retail cost (1967=100) .....	161.3	187.9	230.1	264.7	243.6	259.3	276.5	291.4	304.8	285.4
Farm value (1967=100) .....	146.7	177.2	228.8	268.6	217.9	221.1	251.7	268.7	306.3	258.7
Farm-retail spread (1967=100) .....	167.8	192.7	230.7	263.0	255.1	276.4	287.6	301.6	304.1	297.4
Farm value/retail cost (%) .....	28.2	29.2	30.8	31.4	27.7	26.4	28.2	28.6	31.1	28.1
<b>Fresh vegetables:</b>										
Retail cost (1967=100) .....	179.1	200.6	216.2	198.5	224.7	213.6	222.0	222.4	210.7	200.3
Farm value (1967=100) .....	184.4	205.4	216.3	188.0	224.4	186.0	195.2	205.5	200.3	165.4
Farm-retail spread (1967=100) .....	176.6	198.3	216.2	203.5	224.8	226.6	234.6	230.3	215.6	216.7
Farm value/retail cost (%) .....	32.9	32.8	32.0	30.3	31.9	27.8	28.1	29.6	30.4	26.4
<b>Processed fruits and vegetables:</b>										
Retail cost (1967=100) .....	181.7	190.2	208.7	211.2	223.9	224.2	225.4	227.8	229.2	230.6
Farm value (1967=100) .....	202.8	188.5	213.3	228.9	235.3	238.1	240.3	242.1	241.4	240.3
Farm-retail spread (1967=100) .....	177.1	190.6	207.7	207.3	221.4	221.1	222.1	224.6	226.5	228.5
Farm value/retail cost (%) .....	20.2	18.0	18.5	19.6	19.1	19.3	19.3	19.3	19.1	18.9
<b>Fats and oils:</b>										
Retail cost (1967=100) .....	176.7	192.0	209.6	215.4	222.5	225.3	226.3	227.4	228.9	231.5
Farm value (1967=100) .....	206.4	249.3	257.4	273.4	281.0	279.5	293.3	288.9	290.9	290.5
Farm-retail spread (1967=100) .....	165.2	169.9	191.1	193.1	200.0	204.4	200.5	206.1	205.0	208.8
Farm value/retail cost (%) .....	32.5	36.1	34.1	35.3	35.1	34.5	36.0	34.6	35.3	34.9

<sup>1</sup> Market basket statistics are based on the weighting structure of the Consumer Price Index for all urban consumers (CPI-U). Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods.

## Farm-retail price spreads

	Annual			1978	1979p					
	1976	1977	1978p	Sept	Apr	May	June	July	Aug	Sept
<b>Beef, Choice:<sup>1</sup></b>										
Retail price <sup>2</sup> (cts./lb.)	148.2	148.4	181.9	187.4	232.8	240.2	233.6	232.2	220.9	226.6
Net carcass value <sup>3</sup> (cts.)	91.5	93.8	119.3	121.8	160.4	160.4	152.4	148.0	139.9	151.8
Net farm value <sup>4</sup> (cts.)	84.1	85.5	111.1	113.0	153.6	150.5	140.9	137.6	129.5	142.1
Farm-retail spread (cts.)	64.1	62.9	70.8	74.4	79.2	89.7	92.7	94.6	91.4	84.5
Carcass-retail spread <sup>5</sup> (cts.)	56.7	54.6	62.6	65.6	72.4	79.8	81.2	84.2	81.0	74.8
Farm-carcass spread <sup>6</sup> (cts.)	7.4	8.3	8.2	8.8	6.8	9.9	11.5	10.4	10.4	9.7
Farm value/retail price (%)	57	58	61	60	66	63	60	59	59	63
<b>Pork:<sup>1</sup></b>										
Retail price <sup>2</sup> (cts./lb.)	134.0	125.4	143.6	145.5	150.7	149.3	144.5	142.4	135.9	135.6
Wholesale value <sup>3</sup> (cts.)	105.2	99.0	107.7	110.7	103.8	99.9	96.7	93.4	92.0	94.8
Net farm value <sup>4</sup> (cts.)	71.0	65.6	76.6	78.6	70.9	68.2	63.2	61.1	59.8	60.5
Farm-retail spread (cts.)	63.0	59.8	67.0	66.9	79.8	81.1	81.3	81.3	76.1	75.1
Wholesale-retail spread <sup>5</sup> (cts.)	28.8	26.4	35.9	34.8	46.9	49.4	47.8	49.0	43.9	40.8
Farm-wholesale spread <sup>6</sup> (cts.)	34.2	33.4	31.1	32.1	32.9	31.7	33.5	32.3	32.2	34.3
Farm value/retail price (%)	53	52	53	54	47	46	44	43	44	45

<sup>1</sup> Revised series, for historical data and methodology see August 1978 issue of *Livestock and Meat Situation*, LMS-222. <sup>2</sup> Estimated weighted average price of retail cuts from pork and yield grade 3 beef carcasses. Retail prices from USDA's meat price survey. <sup>3</sup> Value of carcass quantity equivalent to 1 lb. of retail cuts—beef adjusted for value of fat and bone byproducts. <sup>4</sup> Market value to producer for quantity of live animal equivalent to 1 lb. retail cuts minus value of byproducts. <sup>5</sup> Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. <sup>6</sup> Represents charges made for livestock marketing, processing, and transportation to city where consumed. p Preliminary.

## Food marketing: Spreads, costs, and profit rates

Year	Farm-retail price spread	Intermediate goods and services <sup>1</sup>				Profit rates after taxes			
		Total	Containers packaging	Fuel, power, and light	Hourly earnings <sup>2</sup>	Food retailers <sup>3</sup>		Food manufacturers <sup>4</sup>	
						Sales	Equity	Sales	Equity
1967=100					Dollars	Percent			
1972	119.0	126	117	126	3.49	—	—	2.6	11.2
1973	126.4	134	123	138	3.71	—	—	2.6	12.8
1974	150.4	159	151	202	4.06	—	—	2.9	13.9
1975	165.1	180	174	237	4.44	0.5	6.8	3.2	14.4
1976	174.0	193	184	258	4.79	.8	10.0	3.4	14.9
1977	180.0	208	195	310	5.20	.8	10.8	3.1	13.2
1978 <sup>5</sup>	194.5	223	211	327	5.65	.9	12.7	3.2	13.8
1977									
I	178.0	202	189	301	5.06	.8	10.5	2.7	11.4
II	178.9	207	195	306	5.14	.9	11.4	3.5	15.0
III	180.6	211	197	315	5.23	.6	7.4	3.1	13.1
IV	181.8	213	199	317	5.36	1.0	13.6	3.2	13.6
1978 <sup>5</sup>									
I	185.9	217	203	321	5.51	.8	10.5	2.8	11.4
II	191.6	221	207	327	5.59	1.0	13.4	3.5	15.1
III	198.0	226	213	328	5.67	.9	11.8	3.1	13.5
IV	201.1	230	219	330	5.82	1.0	15.1	3.5	15.3
1979 <sup>5</sup>									
I	205.4	235	224	340	5.96	—	—	2.8	12.2
II	216.4	245	233	370	6.06	—	—	3.5	15.6
III	222.7	—	237	406	—	—	—	—	—

<sup>1</sup> Represents all goods purchased by food marketing firms except raw materials and plant and equipment, and all services except those performed by employees, calculated from wholesale price relatives. <sup>2</sup> Weighted composite of production employees in food manufacturing and nonsupervisory employees in wholesale and retail trade, calculated from data of the U.S. Department of Labor. Revised to conform to 1972 SIC codes. <sup>3</sup> Federal Trade Commission. These data are based on reports from all food retailing corporations having more than \$100 million in annual sales, and whose activities are at least 75 percent specialized in supermarket operations. <sup>4</sup> "Quarterly Financial Report," Federal Trade Commission. Data represent national aggregate estimates for corporations based upon a sample of company reports. Data since 1973 are imperfectly comparable with prior data because of changes in accounting methods. <sup>5</sup> Preliminary.



# Food Supply and Use

Civilian per capita consumption of major food commodities (retail weight)<sup>1</sup>

	1970	1973	1974	1975	1976	1977	1978 <sup>2</sup>	1979 <sup>3</sup>
	Pounds							
<b>Meats:</b>	151.4	142.6	152.5	145.4	155.3	154.6	149.3	145.8
Beef	84.1	81.1	86.4	88.9	95.7	93.2	88.9	77.9
Veal	2.4	1.5	1.9	3.5	3.3	3.2	2.5	1.7
Lamb and mutton	2.9	2.4	2.0	1.8	1.7	1.5	1.4	1.4
Pork	62.0	57.6	62.2	51.2	54.6	56.7	56.5	64.8
<b>Fish (edible weight)</b>	11.8	12.9	12.2	12.3	13.0	12.8	13.4	13.7
<b>Poultry products:</b>								
Eggs	39.5	37.3	36.6	35.4	34.8	34.5	35.2	35.8
Chicken (ready-to-cook)	40.5	40.7	41.1	40.6	43.3	44.9	47.7	51.8
Turkey (ready-to-cook)	8.0	8.5	8.9	8.6	9.2	9.2	9.4	10.2
<b>Dairy products:</b>								
Cheese	11.5	13.7	14.6	14.5	15.8	16.4	17.3	17.9
Condensed and evaporated milk	7.1	6.0	5.6	5.0	5.0	4.5	4.2	4.4
Fluid milk and cream (product weight)	296.0	293.0	288.0	291.1	292.0	288.4	285.9	284.2
Ice cream (product weight)	17.7	17.5	17.5	18.7	18.1	17.7	17.8	17.7
<b>Fats and Oils—Total fat content</b>	53.0	54.3	53.2	53.4	56.1	54.4	55.6	57.6
Butter (actual weight)	5.3	4.8	4.6	4.8	4.4	4.4	4.5	4.5
Margarine (actual weight)	11.0	11.3	11.3	11.2	12.2	11.6	11.4	11.6
Lard	4.7	3.4	3.2	3.0	2.7	2.3	2.2	2.3
Shortening	17.3	17.3	17.0	17.3	18.1	17.6	18.2	19.2
Other edible fats and oils	18.2	20.8	20.3	20.3	22.0	21.6	22.6	23.4
<b>Fruits:</b>								
Fresh:	79.3	74.2	76.9	81.3	83.7	79.6	81.6	80.5
Citrus	28.1	26.9	27.1	28.7	28.5	25.2	26.3	24.3
Noncitrus	51.2	47.3	49.8	52.6	55.2	54.4	55.3	56.2
<b>Processed:</b>								
Canned fruit	23.3	21.3	19.6	19.3	19.2	20.0	19.0	18.0
Canned juice	14.6	15.9	14.6	16.2	16.2	15.6	17.4	17.5
Frozen (including juices)	9.8	11.2	11.2	12.6	12.2	11.8	11.3	11.8
Chilled citrus juices	4.7	5.3	5.2	5.7	6.2	5.8	6.2	6.4
Dried	2.7	2.6	2.4	3.0	2.6	2.5	2.0	2.3
<b>Vegetables:</b>								
Fresh <sup>3</sup>	91.0	93.0	95.0	94.1	94.2	91.8	93.3	97.2
Canned	53.0	57.7	56.9	55.1	55.7	56.2	54.1	55.0
Frozen (excluding potatoes)	9.7	10.7	10.2	9.7	10.2	10.3	10.8	11.1
Potatoes <sup>4</sup>	115.3	114.4	112.3	120.3	114.4	119.8	122.9	123.0
Sweet potatoes <sup>4</sup>	5.2	4.6	4.9	5.0	4.9	4.5	5.0	5.0
<b>Grains:</b>								
Wheat flour <sup>5</sup>	110	112	110	113	118	114	114	112
Rice	6.7	7.0	7.6	7.7	7.2	7.6	5.8	8.9
<b>Other:</b>								
Coffee	10.4	10.1	9.5	9.0	9.4	6.7	7.9	7.8
Tea	.7	.8	.8	.8	.8	.9	.7	.7
Cocoa	3.1	3.4	3.0	2.6	3.0	2.7	2.7	2.7
Peanuts (shelled)	5.9	6.6	6.4	6.5	6.3	6.6	6.6	6.6
Dry edible beans	5.9	6.4	6.7	6.5	6.3	6.1	5.9	5.9
Melons	21.2	19.8	17.1	17.3	18.6	19.3	20.1	18.9
Sugar (refined)	101.8	101.5	96.6	90.2	94.7	95.7	93.1	91.6

<sup>1</sup> Quantity in pounds, retail weight unless otherwise shown. Data on calendar year basis except for dried fruits, fresh citrus fruits, peanuts, and rice which are on a crop-year basis. <sup>2</sup> Preliminary. <sup>3</sup> Commercial production for sale as fresh produce. <sup>4</sup> Including fresh equivalent of processed. <sup>5</sup> White, whole wheat, and semolina flour including use in bakery products. <sup>6</sup> Forecast.

Note: Historical consumption and supply-utilization data for food may be found in *Food Consumption, Prices, and Expenditures*, Ag. Econ. Report 138 and annual supplements, ESCS, USDA.

## Per capita food consumption indexes<sup>1</sup>

	1960	1970	1973	1974	1975	1976	1977	1978 <sup>2</sup>	1979 <sup>3</sup>
	1967=100								
Meat, poultry, and fish	89.7	104.7	100.4	105.8	102.7	109.6	109.2	107.0	105.1
Meat	92.1	104.0	97.7	104.6	101.2	107.9	107.0	103.0	98.8
Poultry	75.3	107.0	108.7	110.6	108.1	116.0	119.4	125.9	136.7
Fish	96.9	110.6	121.2	114.6	113.7	120.8	119.4	124.5	127.0
Eggs	104.2	97.0	91.6	89.9	87.0	85.5	84.8	86.5	88.5
Dairy products <sup>4</sup>	103.4	99.3	100.6	99.1	99.8	101.6	101.0	101.5	102.5
Fats and oils	96.1	105.9	107.9	104.9	105.5	109.8	106.5	111.9	114.3
Animal	116.7	87.7	73.0	72.4	65.2	60.3	61.0	63.3	72.3
Vegetable	82.7	119.3	133.6	128.9	135.3	146.4	140.2	147.9	145.2
Fruits <sup>5</sup>	106.6	103.0	99.6	99.2	106.6	108.4	106.7	106.4	106.3
Fresh	114.0	102.0	94.2	97.0	105.6	108.2	106.8	106.5	105.2
Processed	98.3	104.3	106.5	102.1	107.9	108.6	106.5	106.2	107.5
Vegetables <sup>6</sup>	99.2	101.9	105.3	104.5	104.2	106.5	105.6	105.8	105.8
Fresh	107.4	100.6	101.8	101.7	102.2	103.8	103.2	103.3	103.3
Processed	83.9	104.1	111.4	109.4	107.7	111.2	109.6	110.1	110.1
Potatoes and sweetpotatoes	79.8	110.3	110.1	109.2	114.0	109.5	112.1	119.0	119.2
Fresh	133.8	95.0	83.5	80.0	90.8	85.9	88.4	87.8	87.8
Processed	52.2	122.3	131.0	132.2	132.2	128.1	130.8	143.5	145.1
Beans, Peas, and nuts	94.8	98.0	105.3	101.8	106.6	104.7	101.6	103.2	104.0
Cereal products	102.2	97.7	97.2	95.4	96.0	104.0	100.8	100.9	101.7
Sugar	97.9	106.0	110.6	108.7	105.8	112.8	115.3	113.7	113.5
Coffee, tea, and cocoa	99.6	93.9	97.7	92.1	89.7	91.6	76.5	79.1	78.6
Total food	96.7	102.4	101.7	102.3	101.5	105.8	104.7	104.5	104.9
Animal products	95.5	102.0	98.6	101.4	99.1	103.5	103.1	102.2	101.6
Crops <sup>7</sup>	98.0	102.9	105.2	103.3	104.2	108.4	106.4	106.9	108.4

<sup>1</sup> Civilian consumption only. Quantities of individual foods are combined in terms of 1967-69 retail prices. <sup>2</sup> Preliminary. <sup>3</sup> Forecast. <sup>4</sup> Excludes butter. <sup>5</sup> Excludes melons and baby food. <sup>6</sup> Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. <sup>7</sup> Includes melons, nuts, soup, and baby food in addition to groups shown separately.

## Transportation Data

### Rail rates, grain and fruit and vegetable shipments

	Annual			1978	1979					
	1976	1977	1978	Sept	Apr	May	June	July	Aug	Sept
Rail freight rate index <sup>1</sup>										
All products (1969=100)	186.6	199.1	213.0	215.8	233.2	233.3	235.9	239.4	241.8	244.8
Farm products (1969=100)	182.7	191.3	204.9	207.3	225.1	225.7	227.9	231.1	233.6	235.9
Food products (1969=100)	185.1	195.3	210.0	212.9	229.6	229.6	232.7	235.9	238.0	240.5
Rail carloadings of grain (thou. cars) <sup>2</sup>	25.5	23.9	25.8	24.4	24.1	25.8	30.1	31.4	29.6	28.7
Barge shipments of grain (mil. bu.) <sup>3</sup>	31.0	29.3	31.3	32.2	25.7	33.1	34.8	37.3	33.9	33.3
Fresh fruit and vegetable shipments										
Rail (thou. carlots) <sup>4, 5</sup>	<sup>6</sup> 3.8	1,552	915	632	1,125	1,132	2,388	1,192	631	782
Truck (thou. carlots) <sup>3, 4, 5</sup>	<sup>6</sup> 17.0	6,596	7,322	6,800	7,824	8,744	8,735	7,609	6,676	6,228

<sup>1</sup> Department of Labor, Bureau of Labor Statistics. <sup>2</sup> Weekly average; from Association of American Railroads. <sup>3</sup> Weekly average; from Agricultural Marketing Service, USDA. <sup>4</sup> Preliminary data for 1978 and 1979. <sup>5</sup> Shipments reported in 1000 hundredweight. Typical truck loads are about 40,000 pounds and average railcar loads in 1975 were about 60,000 pounds. <sup>6</sup> Thousand carlots.

# Livestock and Products

## Livestock and products output and prices

	1977	1978					1979				
	Annual	I	II	III	IV	Annual	I <sup>1</sup>	II <sup>1</sup>	III <sup>1</sup>	IV	Annual
Beef (mil. lb.)	24,986	6,106	5,938	5,923	6,043	24,010	5,546	5,076	5,219	5,300	21,141
Change (pct.) <sup>2</sup>	-3	-3	-4	-6	-3	-4	-9	-15	-12	-12	-12
Pork (mil. lb.)	13,051	3,243	3,265	3,160	3,541	13,209	3,399	3,760	3,779	4,275	15,213
Change (pct.) <sup>2</sup>	+5	-2	+3	+3	+1	+1	+5	+15	+20	+21	+15
Veal (mil. lb.)	794	178	149	139	134	600	115	98	99	100	412
Change (pct.) <sup>2</sup>	-2	-11	-20	-32	-33	-24	-35	-34	-29	-33	-31
Lamb and mutton (mil. lb.)	341	75	76	73	76	300	72	71	70	75	288
Change (pct.) <sup>2</sup>	-6	-17	-12	-13	-6	-12	-4	-7	-4	-1	-4
Red meats (mil. lb.)	39,172	9,602	9,428	9,295	9,794	38,119	9,132	9,005	9,167	9,750	37,054
Change (pct.) <sup>2</sup>	0	-3	-2	-4	-2	-3	-5	-4	-1	0	-3
Broilers (mil. lb.)	9,227	2,327	2,547	2,567	2,443	9,884	2,551	2,844	2,900	2,645	10,940
Change (pct.) <sup>2</sup>	+3	+8	+6	+6	+9	+7	+10	+12	+13	+8	+11
Turkeys (mil. lb.)	1,892	228	400	680	676	1,984	271	465	730	715	2,181
Change (pct.) <sup>2</sup>	-3	+9	+10	+1	+5	+5	+19	+16	+7	+6	+10
Total meats (mil. lb.)	50,291	12,157	12,375	12,542	12,913	49,987	11,954	12,314	12,797	13,110	50,175
Change (pct.) <sup>2</sup>	0	-1	0	-2	0	-1	-1.7	-0.5	+2.0	+1.5	+0.4
Eggs (mil. doz.)	5,408	1,378	1,394	1,380	1,444	5,596	1,419	1,422	1,415	1,470	5,726
Change (pct.) <sup>2</sup>	+1	+4	+4	+4	+2	+3	+3	+2	+3	+2	+2
Milk (bil. lb.)	122.7	29.8	32.7	30.5	29.0	<sup>3</sup> 121.9	30.0	32.8	31.1	29.5	123.4
Change (pct.) <sup>2</sup>	+2	0	-1	-1	0	-1	+1	0	+2	+2	+1
Total livestock and products (1974=100)	106.2	102.9	107.3	106.0	105.6	105.7	102.1	106.7	107.5	107.5	106.0
Change (pct.) <sup>2</sup>	+7	-4	-2	-1.5	+1	-5	-8	-6	+1.4	+1.8	+3
Prices											
Choice steers, Omaha (\$ per cwt.)	40.38	45.77	55.06	53.75	54.76	52.34	65.42	72.51	65.88	66-68	67-69
Barrows and gilts, 7-markets (\$ per cwt.)	41.07	47.44	47.84	48.52	50.05	48.49	51.98	43.04	38.52	33-35	41-43
Broilers, 9-city wholesale (cts. per lb.) <sup>4</sup>	40.8	41.8	47.6	46.6	42.1	44.5	47.5	47.7	40.8	36-38	43-44
Turkeys, N.Y., wholesale (cts. per lb.) <sup>5</sup>	54.0	60.2	61.4	68.2	77.1	66.7	70.2	66.2	63.1	65-67	66-67
Eggs, cartonized, Grade A large, N.Y. (cts. per doz.)	63.3	62.0	53.8	63.0	67.8	61.7	71.9	66.2	65.2	68-70	68-69
Milk, all at farm, (\$ per cwt.)	9.71	10.20	10.07	10.50	11.57	10.58	11.87	11.53	11.97	12.75-13.15	12.00-12.15
Livestock prices received by farmers (1967=100)	175	196	216	221	234	217	263	265	248	245	255

<sup>1</sup> Forecast. <sup>2</sup> Change from Year-earlier. <sup>3</sup> Does not add due to rounding of quarterly data. <sup>4</sup> Weighted average. <sup>5</sup> 8-16 pound young hens.



## Dairy:

	Annual			1978	1979					
	1976	1977	1978	Sept.	Apr.	May	June	July	Aug.	Sept.
<b>Milk Production:</b>										
Total milk (mil. lb.)	120,269	122,698	121,928	9,733	10,609	11,175	10,982	10,705	10,400	10,016
Milk per cow (lb.)	10,879	11,181	11,240	899	987	1,040	1,023	997	968	930
Number of milk cows (thou.)	11,055	10,974	10,848	10,832	10,748	10,744	10,735	10,738	10,740	10,769
<b>Milk prices, Minnesota-Wisconsin,</b>										
3.5% fat (\$/cwt.) <sup>1</sup>	8.48	8.58	9.57	9.90	10.63	10.67	10.76	10.87	11.09	—
Price of 16% dairy ration (\$/ton)	141	140	138	137	149	150	152	162	159	160
Milk-feed price ratio (lb.) <sup>2</sup>	1.37	1.39	1.53	1.59	1.56	1.53	1.51	1.43	1.50	1.54
<b>Stocks, beginning</b>										
Total milk equiv. (mil. lb.) <sup>3</sup>	3,844	5,708	8,626	11,179	8,618	8,907	9,837	10,515	10,868	10,356
Commercial (mil. lb.)	3,719	5,299	4,916	5,663	4,864	5,140	5,872	6,252	6,684	6,499
Government (mil. lb.)	124	410	3,710	5,516	3,754	3,767	3,965	4,263	4,184	3,857
Imports, total equiv. (mil. lb.) <sup>3</sup>	1,943	1,968	2,305	171	132	153	186	168	201	n.a.
<b>USDA net removals:</b>										
Total milk equiv. (mil. lb.) <sup>3</sup>	1,236	6,080	2,743	<sup>4</sup> -126.8	284.5	573.5	194.0	64.8	<sup>4</sup> -44.4	2.4
<b>Butter:</b>										
Production (mil. lb.)	979.6	1,085.6	994.3	64.0	92.4	98.6	84.7	74.8	64.9	n.a.
Stocks, beginning (mil. lb.)	10.9	47.1	184.9	266.7	209.5	216.5	239.1	260.1	257.3	237.2
Wholesale price, Grade A Chi. (cts./lb.)	92.0	98.4	109.8	115.8	120.7	121.8	121.8	122.7	128.7	127.8
USDA net removals (mil. lb.)	39.4	221.8	112.0	<sup>4</sup> -6.3	13.6	26.8	8.1	<sup>4</sup> -1.0	<sup>4</sup> -2.4	<sup>4</sup> -3.4
Commercial disappearance (mil. lb.)	919.0	859.8	903.5	83.8	74.8	59.3	69.5	74.6	71.6	n.a.
<b>American cheese:</b>										
Production (mil. lb.)	2,048.8	2,043.1	2,074.2	146.4	192.0	210.6	210.9	195.2	181.8	n.a.
Stocks, beginning (mil. lb.)	307.8	411.4	422.1	433.3	367.9	378.0	417.2	432.2	464.2	456.3
Wholesale price, Wis. assembly pt. (cts./lb.)	96.3	96.8	107.1	110.8	121.3	121.1	121.8	123.7	128.5	131.5
USDA net removals (mil. lb.)	38.0	148.2	39.7	—	<sup>4</sup> 6	1.7	2.2	8.3	-3	8.6
Commercial disappearance (mil. lb.)	1,920.9	1,958.8	2,064.7	163.9	177.1	170.0	195.2	156.1	190.3	n.a.
<b>Other Cheese:</b>										
Production (mil. lb.)	1,271.4	1,315.5	1,445.1	118.6	125.7	129.1	133.8	123.8	129.1	n.a.
Stocks, beginning (mil. lb.)	60.8	67.1	64.0	79.4	76.9	75.7	78.7	88.0	91.4	90.5
Commercial disappearance (mil. lb.)	1,458.0	1,512.3	1,655.1	130.7	141.6	140.5	145.7	139.2	151.4	n.a.
<b>Nonfat dry milk:</b>										
Production (mil. lb.)	926.2	1,106.6	920.4	57.5	87.8	104.8	112.2	94.5	78.7	n.a.
Stocks, beginning (mil. lb.)	468.9	485.4	677.9	681.0	524.0	518.1	524.6	538.3	558.8	560.3
Wholesale price, avg. manf. (cts./lb.)	63.4	66.5	71.4	72.5	78.8	79.4	79.5	79.7	80.1	n.a.
USDA net removals (mil. lb.)	157.1	461.7	285.0	7.7	21.3	44.8	49.8	41.4	15.0	10.0
Commercial disappearance (mil. lb.)	719.2	682.2	658.4	60.7	33.3	34.5	44.6	58.3	76.9	n.a.
<b>Frozen dessert production (mil. gal.)<sup>5</sup></b>	1,154.0	1,167.6	1,170.4	101.8	97.2	108.6	119.3	118.0	123.8	n.a.

<sup>1</sup> Manufacturing grade milk. <sup>2</sup> Pounds of 16% protein ration equal in value to 1 pound of milk. <sup>3</sup> Milk equivalent, fat-solids basis. <sup>4</sup> Domestic sales exceeded purchases.

<sup>5</sup> Less than 50,000 pounds. <sup>6</sup> Ice cream, ice milk, and sherbert. n.a. = not available.

## Poultry and eggs:

	Annual			1978	1979					
	1976	1977	1978	Sept.	Apr.	May	June	July	Aug.	Sept.
<b>Eggs</b>										
Farm production (mil.)	64,520	64,886	67,155	5,478	5,684	5,803	5,574	5,719	5,554	5,553
Average number of layers on farms (mil.)	274	275	281	280	285	282	280	281	281	284
Rate of lay (eggs per layer)	235	236	239	19.5	19.9	20.6	19.9	20.4	20.3	19.6
<b>Cartoned price, New York, grade A</b>										
large (cts./doz.) <sup>1</sup>	70.3	63.3	61.7	63.8	69.6	62.6	66.1	64.0	67.0	64.8
Price of laying feed (\$/ton)	151	152	152	149	163	163	166	177	174	173
Egg-feed price ratio (lb.) <sup>2</sup>	7.8	7.3	6.9	7.3	7.4	7.0	6.7	6.0	6.0	6.3
<b>Stocks, beginning of period:</b>										
Shell (thou. cases)	22	28	39	48	24	19	27	23	33	28
Frozen (mil. lb.)	36.3	26.1	29.7	28.7	21.1	21.7	21.6	22.8	25.8	24.7
Replacement chicks hatched (mil.)	492	502	492	37.2	52.6	55.7	47.3	42.4	41.7	35.8
<b>Broilers</b>										
Federally inspected slaughter, certified (mil. lb.)	8,987	9,227	9,883	834.0	889.8	1,013.5	940.7	965.3	1,026.3	—
Wholesale price, 8-city. (cts./lb.)	40.2	40.8	44.5	44.9	47.5	49.4	46.1	42.8	39.6	39.9
Price of broiler grower feed (\$/ton)	168	171	169	168	185	184	186	199	199	195
Broiler-feed price ratio (lb.) <sup>2</sup>	2.8	2.7	3.1	3.1	3.0	3.2	2.8	2.6	2.3	2.4
Stocks, beginning of period (mil. lb.)	22.3	32.9	29.4	20.9	18.3	16.3	16.8	18.6	23.4	25.5
<b>Average weekly placements of broiler chicks, 21 States (mil.)</b>	63.6	66.7	71.0	66.5	82.5	83.4	84.4	79.0	78.0	72.6
<b>Turkeys</b>										
Federally inspected slaughter, certified (mil. lb.)	1,950	1,892	1,983	230.9	112.3	157.3	195.9	219.2	267.7	—
Wholesale price, New York, 8-16 lb.										
Young hens (cts./lb.)	48.7	54.0	66.7	68.7	68.6	65.2	64.7	63.0	63.0	63.3
Price of turkey grower feed (\$/ton)	174	184	182	180	200	201	203	214	206	206
Turkey-feed price ratio (lb.) <sup>2</sup>	3.7	3.8	4.6	4.9	4.3	4.2	3.9	3.6	3.7	3.7
Stocks, beginning of period (mil. lb.)	195.2	203.4	167.9	301.2	135.8	128.9	152.9	200.9	271.3	382.4
Poults hatched (mil.)	149.5	148.4	158.1	5.6	21.0	21.8	19.9	16.8	11.5	8.0

<sup>1</sup> Price of cartoned eggs to volume buyers for delivery to retailers. <sup>2</sup> Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight.

## Meat animals:

	Annual			1978						
	1976	1977	1978	Sept	Apr	May	June	July	Aug	Sept
<b>Cattle on feed (7-States)</b>										
Number on feed (thou. head) <sup>1</sup>	8,537	8,213	8,927	7,835	7,948	7,668	7,698	7,562	7,203	6,837
Placed on feed (thou. head) <sup>2</sup>	18,976	20,809	22,597	2,478	1,475	1,851	1,543	1,224	1,342	2,048
Marketings (thou. head)	18,167	18,701	20,301	1,646	1,535	1,603	1,521	1,475	1,626	1,384
Other disappearance (thou. head)	1,133	1,383	1,997	126	220	218	158	108	82	86
Beef steer-corn price ratio, Omaha (bu.) <sup>3</sup>	15.2	19.9	24.8	27.8	33.2	30.8	26.4	24.7	25.7	26.5
Hog-corn price ratio, Omaha (bu.) <sup>3</sup>	16.5	20.2	22.9	25.7	19.9	18.1	15.2	14.1	15.4	16.2
<b>Commercial slaughter (thou. head)<sup>4</sup></b>										
Cattle	42,654	41,856	39,552	3,223	2,533	2,792	2,715	2,659	3,030	2,549
Steers	18,879	19,342	18,526	1,442	1,335	1,486	1,466	1,377	1,556	1,285
Heifers	12,158	11,748	11,758	1,065	699	773	766	800	939	781
Cows	10,619	9,864	8,470	649	453	480	434	431	478	429
Bulls and stags	998	902	798	67	46	53	49	51	57	54
Calves	5,350	5,517	4,170	316	223	214	193	218	241	217
Sheep and lambs	6,714	6,356	5,369	455	444	434	385	400	435	428
Hogs	73,784	77,303	77,315	6,441	7,237	7,564	6,940	7,002	7,956	7,118
<b>Commercial production (mil. lb.)</b>										
Beef	25,667	24,986	24,010	1,974	1,586	1,765	1,724	1,682	1,919	1,618
Veal	813	794	600	45	33	33	32	34	34	31
Lamb and mutton	361	341	300	25	25	25	21	22	23	23
Pork	12,488	13,051	13,209	1,095	1,237	1,309	1,213	1,221	1,352	1,206
<b>Market prices</b>										
Dol. per 100 pounds										
<b>Slaughter cattle:</b>										
Choice steers, Omaha	39.11	40.38	52.34	54.26	75.00	73.99	68.53	67.06	62.74	67.84
Utility cows, Omaha	25.31	25.32	36.79	39.75	57.00	55.51	50.60	47.80	48.33	49.65
Choice vealers, S. St. Paul	45.18	48.19	69.24	83.25	104.56	110.35	94.25	92.29	88.74	96.68
<b>Feeder cattle:</b>										
Choice, Kansas City, 600-700 lb.	39.40	40.19	58.78	64.46	89.98	88.32	82.19	82.48	79.31	85.34
<b>Slaughter hogs:</b>										
Barrows and gilts, No. 1&2, Omaha <sup>4</sup>	44.70	42.10	49.54	50.51	45.82	44.54	41.10	40.19	38.80	—
Barrows and gilts, 7-markets	43.11	41.07	48.49	50.00	45.04	43.79	40.29	38.73	38.21	38.62
<b>Feeder pigs:</b>										
S. Mo. 40-50 lb. (per head)	36.54	35.42	48.16	52.91	50.84	40.89	30.11	24.14	24.58	29.30
<b>Slaughter sheep and lambs:</b>										
Lambs, Choice, San Angelo	49.87	54.28	65.33	62.88	78.62	73.20	68.83	65.83	62.65	67.75
Ewes, Good, San Angelo	17.69	19.19	28.97	31.87	42.12	32.85	28.88	31.83	29.60	28.56
<b>Feeder lambs:</b>										
Choice, San Angelo	51.28	55.12	75.61	80.37	89.75	76.15	71.12	70.25	71.00	74.25
<b>Wholesale meat prices, Midwest<sup>5</sup></b>										
Choice steer beef, 600-700 lb.	60.99	62.69	80.43	81.96	108.61	108.64	103.56	99.85	94.13	101.91
Canner and Cutter cow beef	52.00	51.58	74.61	77.50	109.26	105.22	97.12	95.08	103.50	94.82
Pork loins, 8-14 lb.	86.45	83.04	95.99	101.78	95.11	92.06	96.43	87.62	83.98	88.41
Pork bellies, 12-14 lb.	65.27	54.19	62.50	60.46	51.88	46.57	44.09	38.95	36.51	38.63
Hams, skinned, 14-17 lb.	79.79	76.50	86.37	90.70	76.47	72.29	70.17	64.48	66.84	70.64

	Annual			1978			1979			
	1976	1977	1978	I	II	IV	I	II	III	IV
<b>Cattle on feed (23-States):</b>										
Number on feed (thou. head) <sup>1</sup>	12,328	11,948	12,811	11,741	10,924	11,347	12,681	11,074	10,309	9,928
Placed on feed (thou. head) <sup>2</sup>	25,508	27,651	29,077	6,558	7,352	8,677	5,876	6,113	5,952	—
Marketings (thou. head)	24,170	24,853	26,649	6,621	6,523	6,734	6,770	6,110	5,981	—
Other disappearance (thou. head)	1,718	1,935	2,558	754	406	609	713	768	352	—
<b>Hogs and pigs (14-States):<sup>6</sup></b>										
Inventory (thou. head) <sup>1</sup>	41,855	47,120	48,308	44,680	47,205	49,300	51,220	50,935	55,540	56,990
Breeding (thou. head) <sup>1</sup>	6,368	6,788	7,324	6,946	7,450	7,463	8,095	8,333	8,696	8,237
Market (thou. head) <sup>1</sup>	35,487	40,332	40,984	37,734	39,755	41,837	43,125	42,602	46,844	48,753
Farrowings (thou. head)	9,996	10,362	10,609	2,870	2,858	2,796	2,660	3,486	3,110	<sup>7</sup> 3,157
Pig crop (thou. head)	72,580	74,161	75,564	20,716	19,195	20,027	18,266	24,994	22,253	—

<sup>1</sup> Beginning of period. <sup>2</sup> Other disappearance excluded in 1973; not comparable with 1974 and 1975. <sup>3</sup> Bushels of corn equal in value to 100 pounds liveweight. <sup>4</sup> 220-240 lb. Beginning in January 230-240 lb. <sup>5</sup> Prior to Oct. 1975, Chicago. <sup>6</sup> Quarters are Dec. preceding year-Feb. (I), Mar-May (II), June-Aug (III), and Sept-Nov (IV). <sup>7</sup> Intentions. <sup>8</sup> Classes estimated.

## Wool:

	Annual			1978						
	1976	1977	1978	Sept	Apr	May	June	July	Aug	Sept
<b>U.S. wool price, Boston<sup>1</sup> (cts./lb.)</b>	182	183	189	195	220	220	218	218	218	220
<b>Imported wool price, Boston<sup>2</sup> (cts./lb.)</b>	214	224	230	234	268	271	271	271	271	243
<b>U.S. mill consumption, scoured</b>										
Apparel wool (thou. lb.)	106,629	95,485	102,246	9,370	9,975	8,521	7,818	7,459	n.a.	n.a.
Carpet wool (thou. lb.)	15,117	12,526	13,009	1,352	857	814	726	681	n.a.	n.a.

<sup>1</sup> Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2 1/2" and up. Prior to January 1976 reported as: Territory fine, good French combing and staple. <sup>2</sup> Wool price delivered at U.S. mills, clean basis, Australian 64's, type 78, including duty (25.5 cents). Prior to January 1976 reported as: Australian 64's combing, excluding duty, n.a. Not available.

# Supply and Utilization: Crops and Livestock

## Supply and utilization of major crops <sup>1</sup>

	Domestic measure <sup>2</sup>				Metric measure <sup>2</sup>			
	1977/78	1978/79 estimated	1979/80		1977/78	1978/79 estimated	1979/80	
			Projected	Probable variability <sup>*</sup>			Projected	Probable variability <sup>*</sup>
Wheat:								
Area		Mil. acres				Mil. hectares		
Planted . . . . .	75.1	66.1	71.2	—	30.3	26.8	—	—
Harvested . . . . .	66.5	56.8	62.2	—	26.8	22.9	—	—
		Bu. per acre				Metric tons per hectare		
Yield per harvested unit . . . . .	30.6	31.6	34.0	—	2.1	2.2	—	—
		Mil. bu.				Mil. metric tons		
Beginning stocks . . . . .	1,112	1,177	922	—	30.3	32.0	25.1	—
Production . . . . .	2,036	1,799	2,114	+25 to -25	55.4	49.0	57.5	—
Imports . . . . .	2	1	2	—	—	—	—	—
Supply, total . . . . .	3,150	2,977	3,038	+25 to -25	85.7	81.0	82.7	—
Domestic . . . . .	849	861	865	+55 to -55	23.1	23.4	23.5	—
Exports . . . . .	1,124	1,194	1,400	+100 to -100	30.6	32.5	38.1	—
Use, total . . . . .	1,973	2,055	2,265	+125 to -125	53.7	55.9	61.6	—
Ending stocks . . . . .	1,177	922	773	+125 to -125	32.0	25.1	21.1	—
		Dol. per bu.				Dol. per metric ton		
Price received by farmers . . . . .	2.33	<sup>3</sup> 2.94	3.60-3.90	—	86	<sup>3</sup> 108	132-143	—
Price, Kansas City, No. 1 HRW . . . .	2.72	3.38	<sup>4</sup> 4.22	—	100	124	<sup>4</sup> 155	—
Rice:								
Area		Mil. acres				Mil. hectares		
Allotment . . . . .	1.80	1.80	1.80	—	.73	.73	—	—
Planted . . . . .	2.26	3.00	3.05	—	.91	1.23	—	—
Harvested . . . . .	2.25	2.98	3.02	—	.91	1.23	—	—
		Lb. per acre				Metric tons per hectare		
Yield per harvested unit . . . . .	4,412	4,493	4,568	—	4.94	5.06	—	—
		Mil. cwt.				Mil. metric tons		
Beginning stocks . . . . .	40.5	27.4	31.6	—	1.8	1.2	1.5	—
Production . . . . .	99.2	133.8	137.8	+3 to -3	4.5	6.1	6.3	—
Imports . . . . .	.1	.1	—	—	—	—	—	—
Supply, total . . . . .	139.8	161.3	169.4	+3 to -3	6.3	7.3	7.7	—
Domestic . . . . .	37.7	48.0	50.5	+2 to -2	1.7	2.2	2.3	—
Exports . . . . .	72.8	76.9	83.0	+5 to -5	3.3	3.5	3.8	—
Use, total . . . . .	110.5	124.9	133.5	+6 to -6	5.0	5.7	6.1	—
Ending stocks . . . . .	27.4	31.6	35.9	+6 to -6	1.2	1.5	1.6	—
Difference unaccounted . . . . .	+1.9	+4.8	—	—	—	—	—	—
		Dol. per cwt.				Dol. per metric ton		
Price received by farmers . . . . .	9.49	<sup>3</sup> 8.00	8.75-9.75	—	209	<sup>3</sup> 176	193-215	—
Price, long-grain milled, S.W. La. . .	21.30	18.41	<sup>4</sup> 21.50	—	470	406	<sup>4</sup> 474	—
Feed grains: <sup>5</sup>								
Area		Mil. acres				Mil. hectares		
Planted . . . . .	128.9	122.6	117.6	—	—	—	—	—
Harvested . . . . .	108.0	104.3	99.9	—	—	—	—	—
		Metric tons per acre				Metric tons per hectare		
Yield per harvested unit . . . . .	1.88	2.08	2.24	—	—	—	—	—
		Mil. short tons				Mil. metric tons		
Beginning stocks . . . . .	—	—	—	—	29.9	41.2	46.2	—
Production . . . . .	—	—	—	—	203.4	217.3	224.1	+6 to -6
Imports . . . . .	—	—	—	—	.3	.3	.3	—
Supply, total . . . . .	—	—	—	—	233.6	258.8	270.6	+6 to -6
Feed . . . . .	—	—	—	—	117.3	132.7	136.5	+9 to -9
Food, seed, and industrial uses . . . .	—	—	—	—	18.8	19.7	20.0	—
Domestic, total . . . . .	—	—	—	—	136.1	152.4	156.5	+9 to -9
Exports . . . . .	—	—	—	—	56.3	60.2	71.1	+5 to -5
Use, total . . . . .	—	—	—	—	192.4	212.6	227.6	+12 to -12
Ending stocks . . . . .	—	—	—	—	41.2	46.2	43.0	+8 to -8

See footnotes at end of table.



Supply and utilization of major crops<sup>1</sup>—Continued

	Domestic measure <sup>2</sup>				Metric measure <sup>2</sup>			
	1977/78	1978/79 estimated	1979/80		1977/78	1978/79 estimated	1979/80	
			Projected	Probable variability *			Projected	Probable variability *
Corn:								
		Mil. acres				Mil. hectares		
Area								
Planted	83.6	79.7	80.0	—	33.5	31.8	—	—
Harvested	70.9	70.0	69.5	—	28.3	27.6	—	—
		Bu. per acre				Metric tons per hectare		
Yield per harvested unit	90.7	101.2	106.4	—	5.71	6.03	—	—
		Mil. bu.				Mil. metric tons		
Beginning stocks	884	1,104	1,272	—	22.5	28.0	32.3	—
Production	6,425	7,082	7,390	+260 to -260	163.2	179.9	187.7	—
Imports	3	1	1	—	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	—
Supply, total	7,312	8,187	8,663	+260 to -260	185.7	207.9	220.0	—
Feed	3,709	4,200	4,350	+300 to -300	94.2	106.7	110.5	—
Food, seed, and industrial uses	551	575	590	—	14.0	14.6	15.0	—
Domestic, total	4,260	4,775	4,940	+300 to -300	108.2	121.3	125.5	—
Exports	1,948	2,140	2,500	+150 to -150	49.5	54.3	63.5	—
Use, total	6,208	6,915	7,440	+400 to -400	157.7	175.6	189.0	—
Ending stocks	1,104	1,272	1,223	+200 to -200	28.0	32.3	31.0	—
		Dol. per bu.				Dol. per metric ton		
Price received by farmers	2.02	<sup>3</sup> 2.20	2.35-2.65	—	80	<sup>3</sup> 87	93-104	—
Price, Chi., No. 2 yellow	2.26	<sup>4</sup> 2.54	—	—	88.97	<sup>4</sup> 100.0	—	—
Soybeans:								
		Mil. acres				Mil. hectares		
Area								
Planted	58.8	64.0	71.5	—	23.8	25.9	28.9	—
Harvested	57.6	63.3	70.2	—	23.3	25.6	28.4	—
		Bu. per acre				Metric tons per hectare		
Yield per harvested unit	30.6	<sup>1</sup> 29.5	31.5	—	2.06	1.96	2.08	—
		Mil. bu.				Mil. metric tons		
Beginning stocks	103	161	173	—	2.8	4.4	4.7	—
Production	1,762	1,870	2,213	+85 to -85	48.0	50.9	60.2	+2.3 to -2.3
Supply, total	1,865	2,031	2,386	+85 to -85	50.8	55.3	64.9	+2.3 to -2.3
Crushings	927	1,028	1,090	+50 to -50	25.2	27.7	29.7	+1.4 to -1.4
Exports	700	753	825	+50 to -50	19.1	20.5	22.5	+1.4 to -1.4
Seed, feed, and residual	77	87	91	—	2.1	2.4	2.5	—
Use, total	1,704	1,858	2,006	+50 to -50	46.4	50.6	54.6	+1.4 to -1.4
Ending stocks	161	173	380	+50 to -50	4.4	4.7	10.3	+1.4 to -1.4
		Dol. per bu.				Dol. per metric ton		
Price received by farmers	5.88	<sup>3</sup> 6.75	5.75-6.50	—	216	<sup>3</sup> 248	211-239	—
Price, Chi., No. 1 yellow	6.11	<sup>4</sup> 7.08	—	—	224.50	<sup>4</sup> 260.04	—	—
Soybean oil:								
		Mil. lb.				Thou. metric tons		
Beginning stocks	771	729	850	+100 to -100	350	331	386	+45 to -45
Production	10,288	11,371	11,880	+550 to -550	4,667	5,158	5,389	+250 to -250
Supply, total	11,059	12,100	12,730	+550 to -550	5,016	5,489	5,774	+250 to -250
Domestic	8,273	8,950	9,400	+500 to -500	3,753	4,060	4,264	+225 to -225
Exports	2,057	2,300	2,200	+300 to -300	933	1,043	998	+135 to -135
Use, total	10,330	11,250	11,600	+400 to -400	4,686	5,103	5,262	+180 to -180
Ending stocks	729	850	1,130	+300 to -300	331	386	513	+135 to -135
		Cts. per lb.				Cts. per kilogram		
Price, crude, Decatur	24.6	27.4	23.28	—	542	604	507-617	—
Soybean meal:								
		Thou. short tons				Thou. metric tons		
Beginning stocks	228	243	285	+50 to -50	207	220	259	+45 to -45
Production	22,371	24,342	25,885	+1,200 to -1,200	20,295	22,083	23,482	+1,090 to -1,090
Supply, total	22,599	24,585	26,170	+1,200 to -1,200	20,501	22,303	23,741	+1,090 to -1,090
Domestic	16,276	17,700	18,800	+1,000 to -1,000	14,765	16,057	17,055	+905 to -905
Exports	6,080	6,600	7,000	+400 to -400	5,516	5,987	6,350	+365 to -365
Use, total	22,356	24,300	25,800	+1,000 to -1,000	20,281	22,045	23,405	+905 to -905
Ending stocks	243	285	370	+75 to -75	220	259	336	+70 to -70
		Dol. per short ton				Dol. per metric ton		
Price, bulk, Decatur, 44%	164.20	190.10	160.00-200.00	—	181	210	176-220	—

See footnotes at end of table.

# Supply and utilization of major crops<sup>1</sup> —Continued

	Domestic measure <sup>2</sup>				Metric measure <sup>2</sup>			
	1977/78	1978/79 estimated	1979/80		1977/78	1978/79 estimated	1979/80	
			Projected	Probable variability*			Projected	Probable Variability*
Cotton: <sup>7</sup>								
Area		Mil. acres				Mil. hectares		
Planted . . . . .	13.7	13.4	14.1	—	5.54	5.41	5.69	—
Harvested . . . . .	13.3	12.4	13.0	—	5.37	5.01	5.29	—
Yield per harvested unit . . . . .	520	421	525	—	.58	.47	.59	—
		Lb. per acre				Metric tons per hectare		
		Mil. 480-lb. bales				Mil. metric tons		
Beginning stocks* . . . . .	2.9	5.3	4.0	—	.64	1.16	.87	—
Production . . . . .	14.4	10.9	14.4	+0.8 to -0.8	3.13	2.36	3.13	+1.7 to -1.7
Supply, total <sup>9</sup> . . . . .	17.3	16.2	18.3	+8 to -8	3.77	3.53	3.99	+1.7 to -1.7
Mill use . . . . .	6.5	6.4	6.2	+4 to -4	1.42	1.39	1.35	+0.9 to -.09
Exports . . . . .	5.5	6.2	6.5	+9 to -9	1.19	1.35	1.42	+2.0 to -.20
Use, total . . . . .	12.0	12.5	12.7	+7 to -7	2.61	2.72	2.77	+1.5 to -.15
Difference unaccounted <sup>10</sup> . . . . .	( <sup>6</sup> )	.3	( <sup>6</sup> )	—	( <sup>6</sup> )	.07	( <sup>6</sup> )	—
Ending stocks . . . . .	<sup>5</sup> 5.3	<sup>4</sup> 4.0	5.7	+1.0 to -1.0	<sup>1</sup> 1.16	<sup>8</sup> .87	1.24	+2.2 to -.22
		Cts. per lb.				Cts. per kilogram		
Price received by farmers . . . . .	52.3	<sup>11</sup> 58.8	—	—	1.15	<sup>11</sup> 1.30	—	—
Price, SLM, 1-1/16 in., spot . . . . .	52.7	61.6	<sup>4</sup> 62.2	—	114.8	134.1	<sup>4</sup> 135.4	—

<sup>1</sup> Marketing year beginning June 1 for wheat, barley, and oats, August 1 for cotton and rice, September 1 for soybeans, and October 1 for corn, sorghum, and soybean oil and meal. <sup>2</sup> Conversion factors: Hectare (ha.)=2.471 acres; and 1 metric ton=2,204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 49.9296 bushels of barley, 69.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. <sup>3</sup> Season average estimate. <sup>4</sup> Average for beginning of marketing Year through Sept 1979. <sup>5</sup> Corn, sorghum, oats, and barley. <sup>6</sup> Less than 0.05. <sup>7</sup> Upland and extra long staple. <sup>8</sup> Based on Census Bureau data. <sup>9</sup> Includes imports. <sup>10</sup> Difference between ending stocks based on Census Bureau data and preceding season's supply less distribution. <sup>11</sup> Average to April 1, 1979.

\*Reflects the "root mean square error" and/or "standard error of estimate" from trend and judgement. Chances are about 2 out of 3 that the outcome will fall within the indicated ranges.

## Crops and Products

### Feed grains:

	Marketing year <sup>1</sup>			1978	1979					
	1975/76	1976/77	1977/78	Sept	Apr	May	June	July	Aug	Sept p
<b>Wholesale prices:</b>										
Corn, No. 2 yellow, Chicago (\$/bu.)	2.75	2.30	2.26	2.13	2.53	2.66	2.83	3.00	2.83	2.78
Sorghum, No. 2 yellow, Kansas City (\$/cwt.)	4.46	3.49	3.54	3.43	3.81	3.92	4.41	4.89	4.44	4.34
Barley, feed, Minneapolis (\$/bu.)	2.38	2.35	1.68	1.77	1.89	1.96	2.16	2.39	2.15	2.22
Barley, malting, Minneapolis (\$/bu.) <sup>2</sup>	3.52	3.13	2.27	2.27	2.59	2.73	2.80	2.82	2.67	3.10
<b>Exports:</b>										
Corn (mil. bu.)	1,711	1,684	1,948	177	188	199	231	223	226	n.a.
Feed grains (mil. metric tons) <sup>3</sup>	50.0	50.6	56.3	4.8	5.3	5.8	6.1	6.0	6.2	n.a.
	Marketing year <sup>1</sup>			1978	1979					
	1975/76	1976/77	1977/78	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept p
<b>Corn:</b>										
Stocks, beginning (mil. bu.)	361	399	884	5,503	3,877	2,837	1,104	6,199	4,421	3,230
<b>Domestic use:</b>										
Feed (mil. bu.)	3,592	3,587	3,697	1,083	568	792	1,397	1,223	695	885
Food, seed, ind. (mil. bu.)	490	513	548	129	102	197	137	130	108	201
<b>Feed grains:<sup>4</sup></b>										
Stocks, beginning (mil. metric tons)	15.3	17.2	29.9	170.9	120.3	88.5	52.1	190.4	135.1	99.4
<b>Domestic use:</b>										
Feed (mil. metric tons)	115.6	112.5	117.7	33.9	17.4	26.9	44.0	38.2	21.1	29.5
Food, seed, ind. (mil. metric tons)	17.1	17.9	18.8	4.4	4.0	6.5	4.5	4.5	4.0	5.6

<sup>1</sup> Beginning October 1 for corn and sorghum; June 1 for oats and barley. <sup>2</sup> No. 3 or better, 65% or better plump beginning October 1977. <sup>3</sup> Aggregated data for corn, sorghum, oats, and barley. <sup>4</sup> Preliminary.

## Food grains:

	Marketing year <sup>1</sup>			1978	1979					
	1975/76	1976/77	1977/78	Sept	Apr	May	June	July	Aug	Sept
<b>Wholesale Prices:</b>										
Wheat, No. 1 HRW, Kansas City (\$/bu.) <sup>2</sup>	3.74	2.88	2.72	3.24	3.53	3.64	4.17	4.34	4.12	4.26
Wheat, DNS, Minneapolis (\$/bu.) <sup>2</sup>	3.74	2.96	2.66	3.07	3.29	3.62	4.23	4.31	4.10	4.18
Flour, Kansas City (\$/cwt.)	9.25	7.21	6.60	7.55	8.12	8.80	9.08	10.39	10.09	10.08
Flour, Minneapolis (\$/cwt.)	10.41	8.34	7.34	7.82	8.30	9.01	9.29	10.64	10.51	10.46
Rice, S.W. La. (\$/cwt.) <sup>3</sup>	17.20	14.60	21.30	15.75	21.50	21.50	21.50	21.50	21.50	21.50
<b>Wheat:</b>										
Exports (mil. bu.)	1,173	950	1,124	126	81	86	110	139	126	—
Mill grind (mil. bu.)	602	628	616	51	50	55	50	52	—	—
Wheat flour production (mil. cwt.)	268	279	275	22	22	25	23	23	—	—

	Marketing year <sup>1</sup>			1978				1979		
	1975/76	1976/77	1977/78	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept
<b>Wheat:</b>										
Stocks, beginning (mil. bu.)	435	665	1,112	1,994	1,528	1,177	2,137	1,632	1,225	922
<b>Domestic use:</b>										
Food (mil. bu.)	588	588	586	146	94	192	154	147	99	—
Feed and seed (mil. bu.) <sup>4</sup>	134	160	264	42	19	154	43	36	37	—
Exports (mil. bu.)	1,173	950	1,124	279	238	493	309	224	168	—

<sup>1</sup> Beginning June 1 for wheat and August 1 for rice. <sup>2</sup> Ordinary protein. <sup>3</sup> Long-grain, milled basis. <sup>4</sup> Feed use approximated by residual.

## Vegetables:

	Annual			1978	1979					
	1976	1977	1978	Sept	Apr	May	June	July	Aug	Sept
<b>Wholesale Prices:</b>										
Potatoes, white, f.o.b. East (\$/cwt.)	5.90	5.52	5.20	3.89	5.50	4.22	4.50	3.98	4.02	4.20
Iceberg lettuce (\$/cwt.) <sup>1</sup>	3.57	3.23	5.10	3.40	5.82	3.03	3.24	4.02	5.49	4.18
Tomatoes (\$/cwt.) <sup>2</sup>	6.44	7.21	6.65	4.38	11.40	8.49	8.43	4.77	6.34	5.00
<b>Wholesale price index, 10 canned veg. (1967=100)</b>										
	160	170	175	181	190	190	190	192	192	194
<b>Grower Price index, fresh commercial veg. 9(1967=100)</b>										
	173	197	209	183	210	204	203	189	192	174

<sup>1</sup> Std. carton 24's, f.o.b. shipping point. <sup>2</sup> 5 x 6-6 x 6, f.o.b. Fla.-Cal.

## Fruit:

	Annual			1978	1979					
	1976	1977	1978	Sept	Apr	May	June	July	Aug	Sept
<b>Wholesale price indexes:</b>										
Fresh fruit (1967=100)	160.4	177.5	217.6	241.2	238.0	230.7	232.9	238.6	262.6	237.3
Dried fruit (1967=100)	234.9	338.4	355.3	317.5	578.6	577.5	578.6	578.6	572.5	557.9
Canned fruit and juice (1967=100)	174.4	190.4	213.9	220.0	236.3	237.1	238.3	239.3	240.5	245.7
Frozen fruit and juice (1967=100)	156.2	196.5	232.0	230.6	246.5	246.5	246.5	249.1	249.8	251.1
<b>F.o.b. shipping point prices:</b>										
Apples, Yakima Valley (\$/cwt.) <sup>1</sup>	7.46	9.11	n.a.	10.20	10.50	10.26	10.25	11.88	n.a.	12.37
Pears, Yakima Valley (\$/box) <sup>2</sup>	7.35	6.94	n.a.	n.a.	13.40	16.59	n.a.	n.a.	n.a.	n.a.
Oranges, U.S. avg. (\$/box)	6.72	7.44	10.72	14.50	12.58	12.73	13.82	13.49	13.50	12.40
Grapefruit, U.S. avg. (\$/box)	5.76	6.27	6.46	13.60	8.34	9.50	13.62	15.60	15.00	11.65
<b>Stocks, beginning:</b>										
Fresh apples (mil. lb.)	4,256.3	4,249.0	4,138.0	11.5	1,049.2	676.4	351.1	167.7	39.2	9.3
Fresh pears (mil. lb.)	4,162.3	4,211.6	4,162.1	53.6	49.2	22.2	5.0	n.a.	2.2	91.8
Frozen fruit (mil. lb.)	4,558.3	4,538.9	4,607.8	552.6	397.1	368.7	363.6	407.5	473.5	511.3
Frozen fruit juices (mil. lb.)	4,967.0	4,844.1	4,613.0	962.8	1,281.9	1,332.0	1,426.1	1,505.7	1,350.8	1,144.3

<sup>1</sup> Red Delicious, Washington extra fancy, carton tray pack, 80-125's. <sup>2</sup> D Anjou pears, Washington wrapped, U.S. No. 1, 90-135's. <sup>3</sup> Control atmosphere. <sup>4</sup> Stocks as of January 1 of year listed, n.a.=not available.



## Cotton:

	Marketing year <sup>1</sup>			1978 <sup>2</sup>	1979					
	1975/76	1976/77	1977/78	Sept	Apr	May	June	July	Aug	Sept
U.S. Price, SLM, 1-1/16 in. (cts./lb.) <sup>3</sup>	58.0	70.9	52.7	60.0	58.1	60.9	63.4	61.9	62.1	62.2
Northern Europe prices:										
Index (cts./lb.) <sup>3</sup>	65.3	81.7	70.6	74.0	73.5	75.2	76.2	76.8	77.5	77.9
U.S., SM 1-1/16 in. (cts./lb.) <sup>4</sup>	71.4	82.4	66.0	75.1	72.9	76.5	77.1	77.1	77.9	78.4
U.S. mill consumption (thou. bales)	7,227.7	6,674.4	6,462.5	592.7	608.4	504.1	509.4	524.1	486.8	—
Exports (thou. bales)	3,311.3	4,783.6	5,484.1	410.3	639.6	573.2	648.8	433.4	489.2	—

<sup>1</sup> Beginning August 1. <sup>2</sup> Average spot market. <sup>3</sup> Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. <sup>4</sup> Memphis territory growths.

## Fats and oils:

	Marketing year <sup>1</sup>			1978	1979					
	1975/76	1976/77	1977/78	Sept	Apr	May	June	July	Aug	Sept
<b>Soybeans:</b>										
Wholesale price, No. 1 yellow, Chicago <sup>2</sup> (\$/bu.)	5.25	7.36	6.11	647	7.30	7.16	7.67	7.49	7.17	—
Crushings (mil. bu.)	865.1	790.2	927.7	71.4	83.3	86.9	82.8	80.6	76.4	—
Processing margin (\$/bu.) <sup>2</sup>	.16	.19	.29	.52	.30	.37	.50	.36	.51	—
Exports (mil. bu.)	555.1	564.1	723.4	37.9	67.7	47.0	40.7	32.7	39.7	—
<b>Soybean oil:</b>										
Wholesale price, crude, Decatur (cts./lb.)	18.3	23.9	23.8	27.8	26.7	27.8	27.4	29.1	29.2	—
Production (mil. lb.)	9,629.8	8,577.9	10,291.4	783.3	939.6	964.7	930.5	899.9	856.7	—
Domestic disappearance (mil. lb.)	7,906.1	7,454.4	8,192.4	626.1	758.3	798.7	745.0	729.8	754.4	—
Exports (mil. lb.)	975.8	1,547.5	2,137.1	203.0	198.2	110.4	305.6	177.6	202.8	—
Stocks, beginning (mil. lb.)	560.6	1,250.6	766.6	777.5	1,004.2	987.3	1,043.0	922.9	915.4	814.9
<b>Soybean meal:</b>										
Wholesale price, 44% protein, Decatur (\$/ton)	147.77	199.80	161.87	163.90	190.65	188.00	209.60	201.60	188.90	—
Production (thou. ton)	20,754.2	18,488.1	22,398.9	1,694.6	1,989.0	2,065.1	1,979.3	1,900.8	1,826.6	—
Domestic disappearance (thou. ton)	15,551.6	14,000.8	16,287.2	1,257.9	1,455.1	1,639.0	1,474.6	1,333.8	1,504.9	—
Exports (thou. ton)	5,144.8	4,559.2	7,542.7	422.7	507.4	453.6	502.9	543.7	4,103	—
Stocks, beginning (thou. ton)	358.3	354.9	228.3	234.1	238.2	264.7	237.2	239.0	262.3	173.7
Margarine, wholesale price, Chicago (cts./lb.)	37.9	31.4	39.1	45.7	49.8	48.9	49.3	51.2	51.2	—

<sup>1</sup> Beginning September 1 for soybeans; October 1 for soy meal and oil; calendar year 1974, 1975, and 1976 for margarine. <sup>2</sup> Spot basis, Illinois shipping points.

## Sugar:

	Annual			1978	1979					
	1976	1977	1978	Sept	Apr	May	June	July	Aug	Sept
U.S. raw sugar price, N.Y. (cts./lb.) <sup>1</sup>	13.31	<sup>4</sup> 10.99	—	—	—	—	—	—	—	15.72
U.S. deliveries (thou. short tons) <sup>2 3</sup>	10,856	11,207	10,849	1,014	808	890	944	919	<sup>4</sup> 1,042	<sup>5</sup> 884

<sup>1</sup> Spot price reported by N.Y. Coffee and Sugar Exchange. Reporting resumed in mid August 1979 after being suspended November 3, 1977. <sup>2</sup> Raw value. <sup>3</sup> Excludes Hawaii. <sup>4</sup> Ten month average. <sup>5</sup> Preliminary.

## Tobacco:

	Annual			1978	1979					
	1976	1977	1978	Sept	Apr	May	June	July	Aug	Sept
<b>Prices at auctions:</b>										
Flue-cured (cts./lb.) <sup>1</sup>	110.4	117.6	135.0	141.3	n.a.	n.a.	n.a.	127.9	139.4	144.9
Burley (cts./lb.) <sup>1</sup>	114.2	120.0	131.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Domestic consumption<sup>2</sup></b>										
Cigarettes (bil.)	617.9	592.0	<sup>3</sup> 614.2	44.4	48.4	53.2	52.4	45.8	n.a.	n.a.
Large cigars (mil.)	5,265	4,874	<sup>3</sup> 4,605	426.5	335.9	395.5	414.1	310.4	n.a.	n.a.

<sup>1</sup> Crop Year July-June for flue-cured, October-September for burley. <sup>2</sup> Taxable removals. <sup>3</sup> Subject to revision.

## Coffee:

	Annual			1978		1979				
	1976	1977	1978 p	Sept	Apr	May	June	July	Aug p	Sept p
Composite green price, N.Y. (cts./lb.)	142.48	256.38	162.32	156.23	142.60	151.31	191.21	200.26	194.40	204.47
Imports, green bean equivalent (mil. lb.) <sup>1</sup>	2,717	1,974	2,448	181	280	209	225	217	194	*190
	Annual			1978		1979				
	1976	1977	1978	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-June	Jul-Sep p	*Oct-Dec p
Roastings (mil. lb.) <sup>2</sup>	2,519	1,892	2,156	470	500	595	616	569	530	*635

<sup>1</sup> Green and processed coffee. <sup>2</sup> Instant soluble and roasted coffee. p Preliminary. \* Forecast.

## General Economic Data

### Gross national product and related data

	Annual			1977	1978				1979		
	1976	1977	1978	IV	I	II	III	IV	I	II	III p
\$ Bil. (Quarterly data seasonally adjusted at annual rates)											
Gross national product <sup>1</sup>	1,702.2	1,899.5	2,127.6	1,971.3	2,011.3	2,104.2	2,159.6	2,235.2	2,292.1	2,329.8	2,391.5
Personal consumption expenditures	1,089.9	1,210.0	1,350.8	1,259.7	1,287.2	1,331.2	1,369.3	1,415.4	1,454.2	1,475.9	1,528.6
Durable goods	157.4	178.8	200.3	186.4	185.3	200.3	203.5	212.1	213.8	208.7	213.7
Nondurable goods	443.9	481.3	530.6	499.2	505.9	521.8	536.7	558.1	571.1	581.2	602.5
Clothing and shoes	75.9	82.4	91.2	87.9	85.4	89.9	92.7	96.8	95.5	96.9	99.3
Food and beverages	227.1	246.7	271.7	254.4	260.6	267.7	274.5	283.9	292.9	296.7	302.0
Services	488.5	549.8	619.8	574.1	596.0	609.1	629.1	645.1	669.3	686.0	712.4
Gross private domestic investment	243.0	303.3	351.5	316.9	327.0	352.3	356.2	370.5	373.8	395.4	392.1
Fixed investment	233.0	281.3	329.1	298.5	304.1	326.5	336.1	349.8	354.6	361.9	372.1
Nonresidential	164.9	189.4	221.1	198.6	203.7	218.8	225.9	236.1	243.4	249.1	257.2
Residential	68.1	91.9	108.0	99.9	100.5	107.7	110.2	113.7	111.2	112.9	114.9
Change in business inventories	10.0	21.9	22.3	18.5	22.8	25.8	20.0	20.6	19.1	33.4	20.0
Net exports of goods and services	8.0	-9.9	-10.3	-18.1	-22.2	-7.6	-6.8	-4.5	4.0	-8.1	-5.3
Exports	163.3	175.9	207.2	174.2	184.4	205.7	213.8	224.9	238.5	243.7	266.4
Imports	155.4	185.8	217.5	192.3	206.6	213.3	220.6	229.4	234.4	251.9	271.7
Government purchases of goods and services	361.3	396.2	435.6	412.8	419.4	428.3	440.9	453.8	460.1	466.6	476.2
Federal	129.7	144.4	152.6	151.2	150.9	148.2	152.3	159.0	163.6	161.7	162.5
State and local	231.6	251.8	283.0	261.6	268.5	280.1	288.6	294.8	296.5	304.9	313.7

1972 \$ Bil. (Quarterly data seasonally adjusted at annual rates)

Gross national product	1,273.0	1,340.5	1,399.2	1,361.3	1,367.8	1,395.2	1,407.3	1,426.6	1,430.6	1,422.3	1,430.8
Personal consumption expenditures	820.6	861.7	900.8	880.9	882.7	894.8	905.3	920.3	921.8	915.0	924.8
Durable goods	126.6	138.2	146.7	142.4	139.3	147.8	147.5	152.1	150.2	144.8	147.0
Nondurable goods	321.5	332.7	343.3	340.0	337.3	339.4	344.7	351.9	348.1	344.1	346.6
Clothing and shoes	64.5	67.4	72.7	71.2	68.9	71.5	73.8	76.4	75.0	74.9	76.3
Food and beverages	159.9	166.5	167.1	168.7	167.8	165.5	166.6	168.6	167.2	166.7	168.3
Services	372.5	390.8	410.8	398.5	406.1	407.6	413.1	416.3	423.5	426.1	431.2
Gross private domestic investment	173.4	200.1	214.3	203.0	209.0	216.8	214.0	217.4	217.2	221.7	214.2
Fixed investment	166.8	186.9	200.2	191.7	192.5	201.2	201.8	205.5	204.9	203.5	204.2
Nonresidential	119.0	129.3	140.1	131.7	133.1	140.3	141.6	145.5	147.2	146.9	148.2
Residential	47.8	57.7	60.1	60.1	59.4	60.9	60.2	60.0	57.7	56.7	56.0
Change in business inventories	6.6	13.1	14.1	11.3	16.5	15.6	12.2	12.0	12.3	18.1	10.0
Net exports of goods and services	15.8	10.3	11.0	5.8	5.3	12.3	13.3	12.9	17.0	13.2	19.4
Exports	96.1	98.4	108.9	97.3	100.7	109.2	111.9	113.8	117.0	116.0	122.5
Imports	80.4	88.2	97.9	91.4	95.4	96.9	98.5	101.0	100.0	102.9	103.1
Government purchases of goods and services	263.3	268.5	273.2	271.5	270.7	271.3	274.7	276.0	274.7	272.4	272.0
Federal	96.4	100.6	98.6	101.8	99.9	96.6	98.5	99.3	101.1	98.1	97.6
State and local	166.9	167.9	174.6	169.8	170.9	174.7	176.2	176.6	173.6	174.3	175.0
New plant and equipment expenditures (\$ bil.)	120.49	135.80	153.09	138.11	144.25	150.76	155.41	163.96	165.94	173.48	175.29
Implicit price deflator for GNP (1972=100)	133.71	141.70	152.05	144.82	147.05	150.82	153.45	156.68	160.22	163.81	167.14
Disposable income (\$ bil.)	1,184.5	1,305.1	1,458.4	1,361.2	1,395.0	1,437.3	1,476.5	1,524.8	1,572.2	1,602.7	1,636.9
Disposable income (1972 \$ bil.)	891.8	929.5	972.6	951.8	956.6	966.1	976.2	991.5	996.6	993.0	990.3
Per capita disposable income (\$)	5,504	6,017	6,672	6,257	6,402	6,584	6,749	6,955	7,157	7,275	7,416
Per capita disposable income (1972 \$)	4,144	4,285	4,449	4,375	4,390	4,426	4,462	4,522	4,536	4,510	4,487
U.S. population, tot. incl. military abroad (mil.)	215.1	216.8	218.5	217.5	217.9	218.3	218.8	219.2	219.6	220.1	220.7
Civilian population (mil.)	213.0	214.7	216.4	215.4	215.8	216.2	216.6	217.1	217.5	218.0	218.4

See footnotes at end of next table.

## Selected monthly indicators

	Annual			1978	1979					
	1976	1977	1978	Sept.	Apr.	May	June	July	Aug.	Sept.
Monthly data seasonally adjusted except as noted										
Industrial production, total <sup>1</sup> (1967=100)	130.1	138.2	146.1	148.6	150.8	152.4	152.4p	152.6p	151.5p	152.3
Manufacturing (1967=100)	130.3	138.4	146.8	149.6	151.6	153.8	153.8p	153.8p	152.3p	153.2
Durable (1967=100)	122.3	130.0	139.7	142.9	144.6	147.6	147.6p	146.3p	144.1p	145.5
Nondurable (1967=100)	141.8	150.5	156.9	159.3	161.7	162.8	162.7	163.3p	164.1p	164.4
Leading economic indicators <sup>1,3</sup> (1967=100)	128.8	136.4	141.9	142.9	139.8	140.1	140.5	140.1	140.2	141.3
Employment <sup>4</sup> (Mil. persons)	87.5	90.5	94.4	95.0	96.2	96.3	96.8	97.2	96.9	97.5
Unemployment rate <sup>4</sup> (%)	7.7	7.0	6.0	5.9	5.8	5.8	5.6	5.7	6.0	5.8
Personal income <sup>1</sup> (\$bil. annual rate)	1,381.6	1,531.6	1,717.4	1,756.1	1,880.7	1,891.6	1,905.1p	1,931.9p	1,943.0p	1,955.2p
Hourly earnings in manufacturing <sup>4</sup> (\$)	5.22	5.67	6.17	6.28	6.54	6.62	6.66	6.71	6.69	6.79
Money stock (daily average) <sup>2</sup> (\$bil.)	<sup>6</sup> 313.8	<sup>6</sup> 338.7	<sup>6</sup> 361.2	360.7	364.3	364.5	369.0	372.1	374.3p	377.6p
Time and savings deposits (daily average) <sup>2</sup> (\$bil.)	<sup>6</sup> 489.2	<sup>6</sup> 544.4	<sup>6</sup> 611.2	593.5	620.6	619.9	620.3	626.6p	634.2p	641.3p
Three-month Treasury bill rate <sup>7</sup> (%)	4.989	6.265	7.221	7.836	9.493	9.579	9.045	9.262	9.450	10.182p
Aaa corporate bond yield (Moody's) <sup>7,8</sup> (%)	8.43	8.02	8.73	8.69	9.38	9.50	9.29	9.20	9.23	9.44p
Interest rate on new home mortgages <sup>9</sup> (%)	8.99	9.01	9.54	9.73	10.36	10.47	10.66	10.78	11.01	11.02p
Housing starts, private (including farm) (thou.)	1,537.5	1,987.1	2,020.3	2,024	1,745	1,835	1,923	1,788	1,806p	1,881p
Auto sales at retail, total <sup>1</sup> (mil.)	10.1	11.2	11.3	11.1	11.1	11.1	9.4	10.5	11.0p	10.8p
Business sales, total <sup>1</sup> (\$bil.)	200.8	225.1	254.7	260.1	276.0	287.1	283.4	288.6p	292.7p	—
Business inventories, total <sup>1</sup> (\$bil.)	309.2	337.8	379.4	369.2	397.5	401.5	406.0	413.8p	417.2p	—
Sales of all retail stores (\$bil.) <sup>9</sup>	54.6	60.3	66.6	68.1	71.4	71.9	71.8	72.3p	74.6p	76.3
Durable goods stores (\$bil.)	18.1	20.7	23.2	23.9	24.6	24.9	24.3	24.4	25.8	24.4p
Nondurable goods stores (\$bil.)	36.5	39.1	43.4	44.2	46.8	47.2	47.5	47.9	48.8	49.8p
Food stores (\$bil.)	12.3	13.2	14.5	14.8	15.9	15.9	16.3	16.2p	16.1p	16.6p
Eating and drinking places (\$bil.)	4.8	5.3	5.8	6.0	6.4	6.1	6.1	6.2	6.3p	6.4p
Apparel and accessory stores (\$bil.)	2.7	2.9	3.1	3.3	3.3	3.4	3.3	3.5	3.6p	3.5p

<sup>1</sup> Department of Commerce. <sup>2</sup> Board of Governors of the Federal Reserve System. <sup>3</sup> Composite index of 12 leading indicators. <sup>4</sup> Department of Labor, Bureau of Labor Statistics. <sup>5</sup> Not seasonally adjusted. <sup>6</sup> December of the year listed. <sup>7</sup> Moody's Investors Service. <sup>8</sup> Federal Home Loan Bank Board. <sup>9</sup> Adjusted for seasonal variations, holidays, and trading day differences. p. Preliminary.

## U.S. Agricultural Trade

### Prices of principal U.S. agricultural trade products

	Annual			1978	1979					
	1976	1977	1978	Sept	Apr	May	June	July	Aug	Sept
Export commodities:										
Wheat, f.o.b. vessel, Gulf ports (\$/bu.)	3.65	2.85	3.56	3.64	3.85	3.98	4.55	4.86	4.71	4.96
Corn, f.o.b. vessel, Gulf ports (\$/bu.)	2.91	2.49	2.66	2.45	2.89	2.93	3.13	3.39	3.10	3.06
Grain sorghum, f.o.b. vessel, Gulf ports (\$/bu.)	2.73	2.30	2.48	2.29	2.56	2.64	2.81	3.30	2.92	2.82
Soybeans, f.o.b. vessel, Gulf ports (\$/bu.)	6.07	7.38	7.04	7.05	7.74	7.63	8.09	8.18	7.74	7.49
Soybean oil, Decatur (cts./lb.)	18.05	23.69	25.79	27.80	26.70	27.80	27.41	29.07	29.21	29.89
Soybean meal, Decatur (\$/ton)	155.82	192.17	170.71	163.90	191.10	188.00	209.60	201.68	188.98	n.a.
Cotton, 10 market avg. spot (cts./lb.)	67.70	60.48	58.31	60.04	58.05	60.90	63.38	61.87	62.08	62.15
Tobacco, avg. price of auction (cts./lb.)	105.73	114.24	121.74	131.90	130.20	131.20	131.20	127.10	132.80	136.40
Rice, f.o.b. mill, Houston (\$/cwt.)	16.17	16.96	20.61	16.50	21.00	21.00	21.00	21.00	21.00	21.25
Inedible tallow, Chicago (cts./lb.)	14.98	17.13	19.74	16.25	26.20	n.a.	n.a.	n.a.	n.a.	n.a.
Import commodities:										
Coffee, N.Y. spot (cts./lb.)	1.42	2.41	1.66	1.55	1.39	1.50	1.86	2.03	1.96	2.09
Sugar, N.Y. spot (cts./lb.)	13.31	10.99	13.92	14.40	14.30	14.33	14.61	15.58	15.92	15.82
Cow meat, f.o.b. port of entry (cts./lb.)	71.69	68.42	97.17	101.80	143.00	136.43	124.30	113.32	116.78	130.95
Rubber, N.Y. spot (cts./lb.)	39.59	41.59	50.19	55.05	66.90	65.66	67.88	66.57	64.90	65.39
Cocoa beans, N.Y. (\$/lb.)	.94	1.72	1.53	1.69	1.43	1.47	1.52	1.40	1.36	1.41
Bananas, f.o.b. port of entry (\$/40-lb. box)	4.67	5.01	5.20	4.58	6.66	6.66	6.86	6.08	5.41	5.48
Canned Danish hams, ex-warehouse N.Y. (\$/lb.)	1.75	1.85	2.02	1.99	2.09	2.09	2.00	2.00	2.00	1.90

n.a. = not available.



# U.S. agricultural exports

	October-August				August			
	1977/78	1978/79	1977/78	1978/79	1978	1979	1978	1979
	Thou. units		\$ Thou.		Thou. units		\$ Thou.	
Animals, live, excl. poultry	—	—	120,078	148,183	—	—	27,573	33,645
Meat and preps., excl. poultry (mt)	364	359	614,566	767,859	35	32	69,227	69,157
Dairy products, excl. eggs	—	—	145,491	105,735	—	—	9,481	9,223
Poultry and poultry products	—	—	302,560	335,526	—	—	28,560	28,853
Grains and Preparations	—	—	9,859,152	11,234,436	—	—	1,105,176	1,397,781
Wheat and wheat flour (mt)	29,477	28,583	3,624,911	4,152,476	3,692	3,332	479,637	548,761
Rice, milled (mt)	2,020	2,247	776,860	824,636	151	151	71,917	59,556
Feed grains (mt)	50,797	54,135	5,217,821	5,991,867	5,153	6,211	531,056	761,966
Other	—	—	239,560	265,457	—	—	22,566	27,498
Fruits, nuts, and preparations	—	—	1,151,179	1,336,481	—	—	120,575	110,150
Vegetables and Preparations	—	—	599,321	706,673	—	—	46,883	57,076
Sugar and Preps., incl. honey	—	—	64,337	75,669	—	—	6,116	13,833
Coffee, tea, cocoa, spices, etc. (mt)	52,058	67,719	163,265	241,388	6,189	4,809	16,509	16,729
Feeds and fodders	—	—	1,607,782	2,036,164	—	—	156,332	168,966
Protein meal (mt)	5,417	5,965	1,088,566	1,328,350	484	397	100,411	95,611
Beverages, excl. distilled alcoholic (hl)	877	677	31,595	26,008	411	85	14,199	3,119
Tobacco, unmanufactured (mt)	253	273	1,052,072	1,228,897	24	14	107,524	63,964
Hides, skins, and furskins	—	—	760,791	1,217,288	—	—	64,062	96,584
Oilseeds	—	—	4,977,092	5,664,435	—	—	304,691	318,772
Soybeans (mt)	18,653	19,082	4,486,606	5,130,695	1,069	1,080	271,814	313,726
Wool, unmanufactured (mt)	3	3	27,721	31,836	(1)	(1)	1,252	807
Cotton, unmanufactured (mt)	1,284	1,293	1,591,564	1,771,846	126	111	154,927	149,344
Fats, oils, and greases (mt)	1,200	1,191	517,815	635,534	103	93	49,388	51,907
Vegetable oils and waxes (mt)	1,376	1,443	852,680	1,000,094	98	117	63,844	89,508
Rubber and allied gums (mt)	12,196	15,374	15,212	17,157	1	1	1,117	1,389
Other	—	—	583,903	666,944	—	—	43,692	54,638
Total	—	—	25,038,166	29,248,153	—	—	2,391,128	2,735,445

<sup>1</sup> Less than 500. NOTE: 1 metric ton (mt) = 2,204.622 lb., 1 hectoliter (hl) = 100 liters = 26.42008 gal.

## U.S. agricultural exports by regions

Region <sup>1</sup>	October-August		August		Change from Year earlier	
	1977/78	1978/79	1978	1979	October-August 1978/79	August 1979
	\$ Mil.				PCT.	
Western Europe	7,863	8,702	653	662	+11	+1
Enlarged European Community	6,144	6,836	513	522	+11	+2
Other Western Europe	1,718	1,866	140	139	+9	-1
Eastern Europe and USSR	2,661	3,116	254	465	+17	+83
Eastern Europe	917	1,293	127	159	+41	+25
USSR	1,744	1,822	127	306	+4	+141
Asia	8,486	10,715	800	909	+26	+14
West Asia	1,168	1,331	118	122	+14	+3
South Asia	538	584	50	67	+9	+34
China, mainland	304	831	47	47	+173	—
Japan	3,818	4,673	330	381	+22	+15
Korea	959	1,313	122	134	+37	+10
Taiwan	658	920	47	65	+40	+38
Other East and Southeast Asia	1,041	1,063	86	93	+2	+8
Latin America and Caribbean	2,471	3,002	298	341	+21	+14
Brazil	386	380	31	54	-2	+74
Mexico	632	860	95	104	+36	+9
Caribbean	419	501	36	48	+20	+33
Central America	223	228	22	23	+2	+5
Canada, excluding transshipments	1,430	1,525	149	143	+7	-4
Canadian transshipments	564	654	96	67	+16	-30
Africa	1,426	1,387	132	138	-3	+5
North Africa	849	752	77	70	-11	-9
Other Africa	577	635	55	68	+10	+24
Oceania	138	147	10	10	+7	—
Total <sup>2</sup>	25,038	29,248	2,391	2,735	+17	+14

<sup>1</sup> Not adjusted for transshipments. <sup>2</sup> Totals may not add due to rounding.

# U.S. agricultural imports

	October-August				August			
	1977/78	1978/79	1977/78	1978/79	1978	1979	1978	1979
	Thou. units		\$ Thou.		Thou. units		\$ Thou.	
Animals, live, excl. poultry	—	—	296,465	332,900	—	—	16,279	14,265
Meat and preps., excl. poultry (mt)	789	942	1,438,519	2,318,939	62	64	125,227	165,336
Beef and veal (mt)	630	757	964,877	1,773,810	49	49	87,972	125,469
Pork (mt)	134	152	422,819	468,260	11	12	32,156	33,500
Dairy products, excl. eggs	—	—	296,212	355,120	—	—	29,573	36,166
Poultry and poultry products	—	—	84,549	43,393	—	—	5,968	2,918
Grains and preparations	—	—	173,668	207,235	—	—	16,615	21,274
Wheat and flour (mt)	( <sup>1</sup> )	2	184	487	( <sup>1</sup> )	1	9	160
Rice (mt)	2	2	991	1,393	( <sup>1</sup> )	( <sup>1</sup> )	120	111
Feed grains (mt)	171	187	19,227	22,168	13	8	1,836	960
Other	—	—	153,266	183,187	—	—	14,650	20,043
Fruits, nuts, and preparations	—	—	927,240	1,196,299	—	—	82,759	106,633
Bananas, fresh (mt)	2,056	2,144	306,915	348,661	173	207	27,906	34,753
Vegetables and preparations	—	—	730,440	741,544	—	—	41,886	46,028
Sugar and preparations, incl. honey	—	—	936,931	1,003,244	—	—	74,525	89,827
Sugar, cane or beet (mt)	3,895	3,915	783,622	781,692	308	318	60,041	67,237
Coffee, tea, cocoa, spices, etc. (mt)	1,364	1,623	4,915,387	5,052,894	111	134	344,810	464,947
Coffee, green (mt)	871	1,095	3,226,780	3,286,393	67	84	210,125	301,012
Cocoa beans (mt)	169	189	548,373	628,873	15	16	43,592	50,300
Feeds and fodders	—	—	61,091	72,261	—	—	5,041	6,993
Protein meat (mt)	9	17	1,733	2,968	2	2	357	270
Beverages, incl. distilled alcoholic (hl)	6,190	7,629	637,160	834,168	722	807	74,922	82,612
Tobacco, unmanufactured (mt)	139	150	341,116	364,321	13	15	31,838	37,254
Hides, skins, and furskins	—	—	224,430	295,590	—	—	15,818	24,432
Oilseeds	—	—	45,304	54,337	—	—	3,037	6,011
Soybeans (mt)	( <sup>1</sup> )	( <sup>1</sup> )	43	47	0	0	0	0
Wool, unmanufactured (mt)	23	23	65,828	71,005	3	2	7,475	5,921
Cotton, unmanufactured (mt)	13	15	5,483	6,524	1	1	228	816
Fats, oils, and greases (mt)	8	9	4,911	6,137	1	1	604	705
Vegetable oils and waxes (mt)	805	689	429,226	551,832	67	68	42,395	64,305
Rubber and allied gums (mt)	703	738	599,010	809,188	72	60	64,292	74,029
Other	—	—	550,913	597,724	—	—	48,936	59,511
Total	—	—	12,763,883	14,914,655	—	—	1,032,228	1,309,983

<sup>1</sup> Less than 50,000. NOTE: 1 metric ton (mt) = 2,204.622 lb.; 1 hectoliter (hl) = 100 liters = 26.42008 gal.

## Trade balance

	October-August		August	
	1977/78	1978/79	1978	1979
	\$ Mil.			
Agricultural exports <sup>1</sup>	25,038	29,248	2,392	2,735
Nonagricultural exports <sup>2</sup>	93,965	123,570	9,029	11,979
Total exports <sup>3</sup>	119,003	152,818	11,421	14,714
Agricultural imports <sup>3</sup>	12,770	14,920	1,033	1,311
Nonagricultural imports <sup>4</sup>	138,997	161,618	13,075	16,655
Total imports <sup>4</sup>	151,767	176,538	14,108	17,966
Agricultural trade balance	12,268	14,328	1,359	1,424
Nonagricultural trade balance	-45,032	-38,048	-4,046	-4,676
Total trade balance	-32,764	-23,720	-2,687	-3,252

<sup>1</sup> Domestic exports (F.A.S. value). <sup>2</sup> Domestic and foreign exports excluding Department of Defense grant-aid shipments, (F.A.S. value). <sup>3</sup> Imports for consumption (customs value). <sup>4</sup> General imports, (customs value).

# World Agricultural Production

## World supply and utilization of major crops

	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80 <sup>1</sup>
	Mil. units					
<b>Wheat:</b>						
Area (hectare) . . . . .	219.9	225.3	232.3	225.7	226.4	225.9
Production (metric ton) . . . .	357.2	350.4	415.1	382.8	438.6	400.7
Exports (metric ton) . . . . .	68.1	73.2	68.5	79.7	77.5	84.3
Consumption (metric ton) <sup>2</sup> . . .	363.3	351.6	378.0	400.3	415.1	421.6
Ending stocks (metric ton) <sup>3</sup> . .	63.4	62.2	99.4	81.9	105.3	84.4
<b>Coarse grains:</b>						
Area (hectare) . . . . .	341.7	349.2	350.9	349.4	347.8	351.0
Production (metric ton) . . . .	627.9	645.1	702.6	703.5	750.0	729.5
Exports (metric ton) . . . . .	69.0	84.7	88.0	91.5	97.8	108.8
Consumption (metric ton) <sup>2</sup> . . .	632.6	643.9	682.8	693.8	741.9	744.0
Ending stocks (metric ton) <sup>3</sup> . .	55.8	57.0	76.8	86.5	94.6	80.1
<b>Rice, rough:</b>						
Area (hectare) . . . . .	138.0	143.1	141.2	143.4	144.3	142.5
Production (metric ton) . . . .	336.8	360.6	350.0	371.4	385.4	373.5
Exports (metric ton) . . . . .	11.0	11.9	15.7	13.9	17.0	16.7
Consumption (metric ton) <sup>2</sup> . . .	336.7	352.4	350.9	364.0	380.5	375.3
Ending stocks (metric ton) <sup>3</sup> . .	18.2	26.4	25.5	32.9	37.8	36.1
<b>Total grains:</b>						
Area (hectare) . . . . .	699.6	717.6	724.4	718.5	718.5	719.4
Production (metric ton) . . . .	1,321.9	1,356.1	1,467.7	1,457.7	1,574.0	1,503.7
Exports (metric ton) . . . . .	148.1	169.8	172.2	185.1	192.3	209.8
Consumption (metric ton) <sup>2</sup> . . .	1,332.6	1,347.9	1,411.7	1,458.1	1,537.5	1,540.9
Ending stocks (metric ton) <sup>3</sup> . .	137.4	145.6	201.7	201.3	237.7	200.6
<b>Oilseeds and meals:<sup>4</sup> \$</b>						
Production (metric ton) . . . .	64.3	72.8	67.1	79.1	84.0	95.1
Trade (metric ton) . . . . .	27.5	33.6	33.6	38.8	41.4	44.4
<b>Fats and oils:<sup>5</sup></b>						
Production (metric ton) . . . .	46.2	49.7	48.1	52.7	54.9	58.9
Trade (metric ton) . . . . .	13.8	15.8	16.4	18.1	19.4	20.6
<b>Cotton:</b>						
Area (hectare) . . . . .	33.4	29.8	30.8	32.5	32.3	32.2
Production (bale) . . . . .	64.3	53.9	57.4	63.9	59.8	63.8
Exports (bale) . . . . .	17.4	19.3	17.6	19.1	19.5	19.9
Consumption (bale) . . . . .	58.3	61.0	60.9	61.2	62.8	63.1
Ending stocks (bale) . . . . .	31.3	24.2	20.7	24.0	21.6	22.6

<sup>1</sup> Forecast. <sup>2</sup> Where stock data not available (excluding USSR), consumption includes stock changes. <sup>3</sup> Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. <sup>4</sup> Soybean meal equivalent.

<sup>5</sup> Calendar year data. 1975 data corresponds with 1974/75. 1976 data with 1975/76, etc. n.a. not available.



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